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VETERANS' ADMINISTRATION FISCAL YEAR 1984 BUDGET AND APPENDIX: FOLLOWUP QUESTIONS ON WALTERS' NOMINATION

HEARING

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

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VETERANS' ADMINISTRATION FISCAL YEAR 1984 BUDGET

WEDNESDAY, FEBRUARY 16, 1983

U.S. SENATE,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D.C.

The committee met, pursuant to notice, at 10:15 a.m., in room SR-418, Russell Office Building, Hon. Alan K. Simpson (chairman of the committee) presiding.

Present: Chairman Alan K. Simpson (presiding), Senators Strom Thurmond, Rudy Boschwitz, Alan Cranston, Jennings Randolph, and George J. Mitchell.

OPENING STATEMENT OF HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Chairman SIMPSON. Good morning, all of you. Let me apologize. Senator Cranston and I were just having our budget hearing before the Rules Committee. It's like wrestling grizzlies with your bare hands. They started at 9:30 and there were fascinating questions that required our attention, just like you are going to find today perhaps. Senator Cranston will be here a bit later. He has a hearing with Paul Volcker.

Senator Randolph is testifying at the Foreign Relations Committee at the present time, so we will get on with the budget hearing in this committee on the subject of budgets for the Veterans' Administration and the Department of Labor employment programs.

We have explored those two budget documents and find they contain some excellent news for those of us who are interested in veterans' programs. I think that I would emphasize the administration's proposal I believe is an eminently fair, indeed a generous budget, and I know you have all given your personal attention to that area.

The 6-month deferral of a cost-of-living adjustment of 5.1 percent is apparently the only sacrifice in benefits that pension and compensation recipients are requested to make. Congress will approve this action for veterans' programs only if it is applied across the board for all of the Federal benefits programs—only if it passes the same changes in social security—you may be assured of that.

I think you have provided generously to meet the health-care needs of veterans by providing a $383 million increase in the medical care account and a 58-percent increase in construction funding, much of it dedicated to improving or constructing new health-care facilities. We will give those construction activities careful review. I

commend you and those of your staff who prepared the VA budget for fiscal year 1984 for your achievement of the careful balance between the Nation's economic realities at this time and the need of the Nation's veterans.

There is one specific proposal I have some trouble with, and I want to make those reservations clear and strong. The administration's proposal to scale down future cost-of-living adjustments in fiscal year 1985 and beyond for service-connected veterans receiving compensation is presently unacceptable to me, and I have a hunch to many other members of this committee. We have gone on record as opposing such cuts in service-connected benefits until all other possibilities for any real savings are exhausted.

It is the committee's desire that when formulating the fiscal year 1985 budget proposal, the administration will take our position into consideration and it is regrettable I think that the Nation's veterans who sacrificed more, if that is a correct definition, referring to the service-connected disabled at least, should be asked to take cuts before other less deserving beneficiaries of other Federal programs. While the various members of this very diverse committee may take issue with a few specific recommendations, I trust we will be able to embrace the overall budget level as set forth in this very sound proposal—the total figure for outlays is $25.696 billion, up $1.309 billion, above the VA's fiscal year 1983 budget.

With respect to the fiscal year 1984 budget, for the Veterans' Employment Service, I trust that the operation of the Department of Labor employment program will prove to be successful as the increases would portend—about 9 percent in most areas.

In recalling the special effort taken last year to ensure a restoration of funds for medical and prosthetic services research, I am concerned a bit about the budget request for these funds in this next fiscal year. The total budget allocated to medical and prosthetic and health services research has not risen with the rest of the medical care budget and in addition, is scheduled to be reduced in average employment level by a total of 170 losses. We will want to inquire as to whether this budget does reflect the intent of Congress in the area of medical, prosthetic and health services research. So we will hear testimony of representatives of the Veterans' Administration, the Department of Labor, the American Legion, the Veterans of Foreign Wars, and the Disabled American Veterans. I appreciate the willingness of all of those fine witnesses to submit their views so that we will be able to make public and informed decisions on these critical budget matters.

With that, we will have a moment for any statements of any Senators who wish to express themselves at this time. Let me at this moment recognize a new member of the committee, Senator Rudy Boschwitz of Minnesota, another startling member of the class of 1978 along with me, of course, and a very fine friend, and you are going to find him a very attentive member of this committee. When he is involved in committee assignments, he gives it his good intellect and a great deal of his time, and you are going to find that very true.

At this point, however, I defer to my fine colleague, the senior member of this committee and Mr. Veteran himself, Strom Thurmond. Senator Thurmond?

Senator THURMOND. Thank you very much, Mr. Chairman. Mr. Chairman, I want to commend you for the great job you are doing in expressing yourself on behalf of our veterans, and I know they appreciate it.

It is a pleasure for me to be here this morning to receive testimony on the Veterans' Administration's proposed budget for fiscal year 1984. I will have to leave at about 10:30 to go to a secret session of the Senate.

I want to welcome Administrator Walters and other officials of the VA who are here today. Also, let me welcome Assistant Secretary of Labor for Veterans' Employment, Col. William C. Plowden, and other officials from the Labor Department who are working so hard on behalf of veterans and who will testify on the proposed budget for veterans' employment programs.

It is always a pleasure to welcome Mr. Don Schwab, the national legislative director of the Veterans of Foreign Wars; Mr. Phil Riggin, the director of the National Legislative Commission of the American Legion; and Mr. "Butch" Joeckel, the deputy national legislative director for the Disabled American Veterans, and other representatives of their fine organizations.

Mr. Chairman, the administration's proposed fiscal year 1984 budget for the VA appears to be a fair one and one which reflects a commitment to America's veterans and to the programs and benefits which serve them. This proposal calls for nearly $25.7 billion in outlays, a $1.3 billion or 5-percent increase over fiscal year 1983 outlays.

Equally encouraging are substantial proposed increases in veterans' employment services in fiscal year 1984, including a $5.4 million increase in the disabled veterans' outreach program. I look forward to the testimony which we will receive today and to a careful review of the proposed funding for the very important veterans' programs administered by the Veterans' Administration and the Labor Department.

Thank you, Mr. Chairman.

Chairman SIMPSON. Thank you, Senator Thurmond. I believe Rudy Boschwitz was next in order of arrival—yes. Do you have any statement you would care to make, Senator Boschwitz? If so, please do so.

Senator BOSCHWITZ. Thank you, Mr. Chairman. I am pleased to be a member of the committee. I attended my first meeting yesterday over at the House where I was very briefly, and if I leave a little early this morning, Mr. Chairman, it is because I have to go on to the Budget Committee and the Foreign Relations Committee, but I am pleased as you are that the Veterans' Administration budget is in sound shape this year, that we are going to be able to go ahead with your programs.

I expressed the same doubt that you do with respect to the scaled-down version of the increases that would be given to various degrees of disability. I have talked to you a number of times in our conversations. I must tell the committee that Senator Simpson is very often my driver to and from the office here and so we have had a chance to—I either read him the paper in order to round out his education or we talk about veterans' affairs or other matters so that I have had a little background perhaps a little bit from the

viewpoint of the chairman, but I do look forward to serving with him and with the other members of this committee.

I am myself a veteran, something I will have to make a little clearer in the next 2 years to my constituents, and as a matter of fact, I had a good time in the service, Mr. Chairman. I even enjoyed the food, but I do look forward to assisting you and assisting the veterans in general, and I do have a keen sense of the national obligation that goes with serving—not only in the process of serving, but also in the national obligation that arises with respect to such service.

Chairman SIMPSON. Thank you, and now George Mitchell; George, do you have anything you wish to share? It is a great pleasure again to reiterate that I very much enjoy your participation on this committee in every way.

Senator MITCHELL. Thank you, Mr. Chairman. Before I make my remarks, may I inquire as to the chairman's plans regarding the hearing this morning in relationship to the closed session of the Senate?

Some of us—I know Senator Thurmond mentioned it—had planned to attend that session. Is it the chairman's intention to continue the hearing through that proceeding?

Chairman SIMPSON. That is the chairman's intention. I will not be present there. Having reviewed some of the material, knowing this was a conflict, when this was set in place I just had to respond and to handle it. I know there are conflicts. Dr. Custis is supposed to be at another hearing right now and I must go forward, yes.

I will hold it open for any statement or try to hold a particular witness or ask him to return to meet your convenience.

Senator MITCHELL. All right, Mr. Chairman. I will try to get back. I apologize in advance to Mr. Walters and the other witnesses. As you may know, there is a closed session of the Senate beginning at 10:30. Unlike the chairman, I have not had access to the materials that will be submitted. I will be joining Senator Thurmond and others at that meeting, so we will not be able to be present at the outset at least. I will try to get back before this hearing is over and the proceeding is completed.

I will, however, review the testimony carefully.

Let me say briefly that it is a great pleasure to welcome Administrator Walters and the other witnesses here.

I want to commend Mr. Walters for the very impressive beginning that he has made in his new position. This budget is, in general, reasonable and fair. I think that you have fulfilled your commitments to fairly and articulately represent the veterans of this country in the budget process. This, after all, is a critical part of the job in which you are engaged, and so as one member of the committee—and I suspect many others on the committee share my view—I am delighted with what you have done so far.

We are very impressed with the general tone of this budget. I do want to say that there are some areas, as previous Senators have indicated, that do concern us and which we will want to subject to some very careful scrutiny and evaluation. I refer specifically, of course, to the proposed 6-month delay in COLA for compensation pension recipients. I think all veterans, who have by virtue of their service already sacrificed for their country, are prepared to sacri-

fice. I think what they want to see is evidence that the sacrifice is shared across the board by everyone in our society before they are asked to make any further sacrifices. I am also concerned about the concept of reducing COLA's for those with service-connected disabilities of less than 100 percent. It seems to me at least initially that represents a fundamental misunderstanding of what COLA's are and it somehow seems to suggest there is some relationship between the extent of one's disability and the need for cost-of-living adjustment. I am not sure that there is any rational relationship between the two. We look forward to hearing what you have to say on that. We will look at that very carefully.

I am also concerned about any proposal to eliminate the use of the GI bill for correspondence. It seems to me that the GI bill generally, and this specific aspect of it, in particular have had notable successes in our society. As one person who was able to get an education because of the GI bill, I feel very keenly about its role in our society and will review that carefully. But, as I said at the outset, in general, I think that this is a reasonable and fair proposal. I commend Mr. Walters again. I commend the President for this effort, and I look forward, Mr. Chairman, to working with you and the other members of the committee in reviewing the budget in detail.

Chairman SIMPSON. Thank you very much, George. Well, if there are other statements or if other of our colleagues should come to the hearing it may be the schedule will be crushed a bit, and I will interrupt to allow them to make statements, so I now would ask the new VA Administrator to come forward in his first budget hearing before the Senate Veterans' Affairs Committee—we are a civilized group, unlike the House over there. You will find that both the House Veterans' Affairs Committee and the Senate Veterans' Affairs Committee work very closely together. I have a great personal respect and regard for Congressmen Montgomery and John Hammerschmidt, and we very much enjoy your making yourself available to visit with the two chairmen, which you have done and which we will do again. That is a very helpful thing, and Dr. Custis, I know you made a special effort to be here with a conflict in your schedule. I certainly hope that you are on the mend with your personal difficulty that you have, and certainly you appear to be, and it is nice to have you here. And Dorothy Starbuck, it is good to see you again. Paul Bannai, John Murphy, and Conrad Hoffman, I want to congratulate you and the staff for being able to obviously justify so capably with the officials of OMB the funding levels required for these programs and benefits, and to do that on your first attempt and your first official tour of duty in the first weeks of it is really a significant achievement. And particularly I want to commend you for saying that you would see that the veterans' organizations met with the President of the United States as soon as possible in order to review their concerns and things that were on their minds collectively and individually, and you had the national commanders and you had the executive directors of those organizations arrange that visit with the President, and "Sonny" Montgomery and myself.

It was very, very helpful. That is the first time that has occurred in my 4 years here where we have that type of access for all of

those important persons to visit with the President, and it was very fruitful, and you certainly were a part of that; so enough. It gets worse from here. So if you will proceed with your staff, that is certainly appreciated.

TESTIMONY OF HARRY N. WALTERS, ADMINISTRATOR, VETERANS' ADMINISTRATION, ACCOMPANIED BY DR. DONALD L. CUSTIS, CHIEF MEDICAL DIRECTOR; DR. WILLIAM JACOBY, DEPUTY CHIEF MEDICAL DIRECTOR; DOROTHY L. STARBUCK, CHIEF BENEFITS DIRECTOR; PAUL T. BANNAI, CHIEF MEMORIAL AFFAIRS DIRECTOR; JOHN P. MURPHY, GENERAL COUNSEL; CONRAD R. HOFFMAN, ASSISTANT DEPUTY ADMINISTRATOR FOR BUDGET AND FINANCE; DR. HOLLIS G. BOREN, ASSISTANT CHIEF MEDICAL DIRECTOR FOR RESEARCH AND DEVELOPMENT; AND MARJORIE R. QUANDT, ASSISTANT CHIEF MEDICAL DIRECTOR FOR ADMINISTRATION

Mr. WALTERS. Thank you, Mr. Chairman. It is an honor for me to be here. I want to say at the outset that I don't intend to be a detailed budget expert. I don't envision the Administrator of Veterans' Affairs assignment to know every number in the budget, but I have been blessed at the Veterans' Administration with a lot of people who do know the budget very well, and they are here with me this morning, so if you throw a football I don't know how to catch, I will send it to the proper person to answer.

Mr. Chairman, I have provided a written statement already and I would like to submit it for the record. Also, I have some brief comments I would like to make.

I would first like to thank the employees of the VA for the warm reception they have given me as a new Administrator, and I also would like to thank the members of this committee and their staff for their warm reception as well. I have not met anyone yet who has not given us a warm reception and treated us kindly, and it has been a very gratifying experience for me. I have found so far that the perception of the VA that of one who cannot chew bubble gum and walk at the same time. This is totally incorrect, in reality and, in fact, the VA in my estimation, Mr. Chairman, is a winner now and it is going to be a bigger winner in the future.

In regard to the budget, I would mirror your comments a bit by saying I believe the budget is fair, and I believe it is a good budget. It shows the President's commitment and the administration's commitment to veterans across the Nation, and I am pleased with what we are presenting today.

I won't highlight the budget for this morning, however I would like to speak very briefly to four issues which I think are quite important.

The first issue is aging veterans. No agency in Government has a greater obligation to the aging population of America than the Veterans' Administration. It is apparent to me when you look at the demographics of America by the year 2000, 65 percent of American males over the age of 65 will be veterans. When we talk about the graying of America I think we are talking about the veteran population first, particularly in the male area, thus we will probably have the same core of World War II veterans coming through the

pipeline now as they get older that forced a restructuring of the Veterans' Administration system in 1946 as these veterans came home from the Second World War. As older veterans, they now will force a restructuring, I believe; a vision for the future of the graying of America. In my opinion, the VA is leading the way in many of the areas when it comes to the graying of America and, although we will have a lot of questions about the aging veteran, not all of them with ready answers—I am committed to trying to find the answers.

The second area I would like to discuss briefly is the agency itself. The VA has been squelched in controversy over the last 6 years, controversy which sometimes is legitimate and sometimes not. But, as you look at the Veterans' Administration, when the rubber hits the road, you find a dedicated, loyal group out there doing a service for the veterans of America.

It is my intent not to let this agency be squelched in controversy over an issue that would damage the image of the VA, its mission, and its goals. Also, we should articulate our position very carefully to insure that the VA does not take the lead in creating legislation. Legislation is the Congress business, and I believe that the creation of legislation does indeed belong with the Congress of the United States.

The agency is, in my opinion, in fairly good shape. We have a lot of work to do and we look forward to doing it.

The third issue I would like to bring to your attention is the issue of female veterans. The President himself has demonstrated a significant interest to insure that the female veterans of America get equal treatment in the VA facilities across the country. In order to accommodate the President's wishes—by the way, I have the same opinion—I have asked Dr. Nora Kinzer to join us in the VA and she will be heading the effort to form an advisory committee which will advise the Administrator on the needs of female veterans of the future. She is in the process of doing that now with the Dacowits Committee of the Department of Defense.

Last, is the employment of veterans across America. It seems to me that in fact with all the bureaucracy in action to try to get veterans hired that the VA itself has no mechanism which it can use to influence the employer himself to hire veterans. So, I have asked Mr. Kenneth Klinge to join us. He used to be at the Department of Transportation as Drew Lewis' right-hand man as an intergovernmental coordinator for all of the things that are going on in the employment of veterans, and second, and perhaps more importantly, to create a committee in the VA similar to the Defense Department's committee which will have serving on that committee labor leaders and business leaders across America who could influence and will influence employers to hire veterans.

Mr. Chairman, in closing these few comments, I would like to just say that in my view, team work would be required to move the VA forward. The team consists of the Congress—the House and the Senate. It also consists of the VA and its employees, the veterans' service organizations and the White House, and I might also include the Office of Management and Budget on that team because I believe all of us have a dramatic impact on the future of America's veterans, and as you know, Mr. Chairman, the bumper sticker for

the VA is "America is Number One Thanks to Our Veterans," and that will be the motto of the VA from now on.

I am delighted to be here and my staff and I are eager to hear your questions. I am not so sure we will be able to answer all of them today, but we will try.

Chairman SIMPSON. Thank you very much. Let me recognize now another senior member of this committee who from its early beginnings has been very attentive, extraordinarily attentive to the needs of veterans—Senator Randolph. Do you have any statement you wish to make?

Senator RANDOLPH. Thank you very much, Alan. I know that as a part of this structure you have very adequately presented the needs of the Veterans' Committee from the standpoint of the budget to the members of the Rules Committee, the need not for just expenditures but for investments. That is what I know all of us on this Committee would like to have the dollars used for—investments and being not only fair but very receptive to the veterans' needs of this country, but I say rather quickly the Administration, in particular the Veterans' Administration, and the Administrator Harry Walters.

I think there is a policy in the veterans' budget that is being considered for fiscal year 1984. The 3-percent increase over last year I think is helpful to the veterans of this Republic. There are few exceptions that I have. In particular, I cannot really support the Administration's let's say intention to propose less than full cost-of-living adjustment for veterans whose service-connected disabilities are rated at less than 100 percent.

I am also, Mr. Chairman, concerned about the proposed elimination in the GI bill of benefits for correspondence training. We have many veterans in West Virginia who depend on this type of training because of the rural nature of our mountain state. I'm sorry to report today to you that West Virginia has the highest unemployment rate in the Nation—over 17 percent.

I want to continue to study closely the budget proposals, keeping in mind the mission of this committee under your able leadership, Mr. Chairman. We need to provide the assistance to our veterans because they have earned their benefits.

Thank you very much.

Chairman SIMPSON. Thank you very much. We will have some questions. Let me express those, and then I will let the members of the committee who wish to ask questions of the panel do so.

Senator RANDOLPH. As you know, because I shared it with you during your preconfirmation rounds, I have had particular concern with the lack of clear and concise and understandable criteria used in setting priorities for major construction projects. That has been a real concern for me ever since I watched the situation arise through the budget of HUD and Independent Agencies, 1983 Appropriations where, the construction material furnished Senator Garn proposed that there were priorities but suddenly there weren't priorities, and I must admit I though there was a bit of a gap, but it reaffirmed some thoughts I had. Last year the VA went through a process called "revalidation," of its construction projects, and I know that Dr. David West was hired as a consultant by the

VA during a year's leave from the Hospital Corporation of America.

I really would very much look forward to reviewing all of his recommendations—admittedly one of my little piccadilos. Would you please supply this committee with a copy of his report?

Mr. WALTERS. Yes, sir, I will.

Chairman SIMPSON. And also with a copy of the revalidation report?

Mr. WALTERS. Yes, sir.

Chairman SIMPSON. I would very much appreciate that, and that will be helpful for me, as I have had serious questions about previous activity in construction budgets, and the political procedure required to build a building some place and then to name it after a former chairman of this committee or that committee, and I enjoyed trying to correct that, knowing fully that a Simpson memorial VA facility will never be built in America.

OK. Thank you very much. I will look forward to having that.

In the fiscal year 1983 appropriation for the VA, the Congress increased the budget for medical, prosthetics and health services research by $14.8 million, believing that that is an important aspect of the VA programs, the ability to provide the entire range of health care services to veterans and to recruit personnel, and interestingly, that seems to come up each budget time.

The proposed budget for fiscal year 1984, however, reflects a policy decision to target cuts in both dollar and FTEE levels in the research programs, and I would inquire as to why that is, if you could explain to the committee the basis of that change because it seems to be inconsistent with the emphasis placed on research programs in your own statement today and somewhat at odds with the direct mandate of the Congress? That would be helpful if you could share that.

Mr. WALTERS. I will ask Dr. Custis to answer your question in detail.

Dr. CUSTIS. If I may, I will address my answer in general terms and defer to Dr. Hollis Boren for details if that is all right with the Administrator.

It is true that the research and development budget falls short of meeting what would be required for inflation and pay raises, the uncontrollable elements, and it is for this reason that there will be something less than the needed amount of personal service dollars for full employment of the FTEE that has been allotted to the R&D service.

I can only say that in the budget cycle the recommendations that is or were originally inserted into the budget were indeed in excess of what the figure of $156 million currently is, specifically in excess to that amount which would provide for coverage of the uncontrollables.

When it became apparent that some conservation would be required, Dr. Boren and his staff did a very conscientious effort in trying to evaluate on the basis of priorities previous commitments as far as the protocol support is concerned, and made, insofar as they could, a judgment as to where approximately $5 million could be absorbed.

Now as to the details of their decision, I am sure that Dr. Boren is prepared to address those specifics.

Dr. BOREN. Yes, sir. To meet this $5 million shortage, all of the cuts were taken in the investigator initiated programs in the three services. This amounts to some 90 programs in general medical research, eight in rehabilitation, and three in health services research. This accounts for the decrease of the 170 FTEE and the $5,350,000 that go with the programs of those 170 FTEE.

Senator RANDOLPH. Mr. Chairman, I am loathe to interrupt, but I think Senator Boschwitz is leaving and I would like at the proper place in my earlier remarks to say that on this Committee we are very happy that he has joined us. We know his efforts will be constructive.

Senator BOSCHWITZ. Thank you very much, Senator.

Chairman SIMPSON. Thank you very much. Yes. I must admit that I did not hear quite all that response, and I try to do that. I really do. Would you just finish that last sentence for me again because it is an area that I am always fascinated by how you come in and then we add something to it, and I wondered where the great network is that keeps doing that, so tell me that again.

Dr. BOREN. Yes, sir. I would be very glad to. To meet this $5,350,000 reduction below current services, this was done by cutting——

Chairman SIMPSON. I heard that part about the investigator.

Dr. BOREN. By the 3 services, the cuts came out in general medical research of 90 programs, in rehabilitation of 8 programs, and in health services R&D of 3 programs. This accounts for the 170 FTEE and the $5,350,000.

Chairman SIMPSON. OK. I appreciate that. I will make further inquiries later. I have another question. Harry, we recently received a draft bill which you I think asked me to introduce by request relating to still another extension of the VA's authority to provide contract health care in Puerto Rico, in the Virgin Islands. That is an additional extension for 3 years to 1986 I think, but it is not accompanied by a specific plan to resolve the question as to how best to meet those needs on a more permanent basis.

The VA was directed by Congress in the joint statement which accompanied the public law to formulate a plan and an extension of contract authority was noted which was meant to be an interim measure as we awaited the VA's recommendations. In your transmittal letter you indicated you still have not been able to ascertain how those needs should be met or precisely where the balance should be drawn between veterans throughout this country, and then you stated that the proposed extension of special contracting authority would assure the continuation of health care while long-range solutions are addressed.

Now if we are going to go ahead with the longer extension of this extraordinarily expensive mode of health care, without the VA meeting this obligation of providing a suitable and sensible alternative, I think we are going to ignore our own directive and so I ask you what your reaction is to that thought and specifically how do you intend to incorporate the recommendations and the Puerto Rico report, and if Congress were not to act on the proposed legisla-

tion without a detailed plan, would you then submit a plan or would you allow the contract authority to lapse?

How's that for a long one?

Mr. WALTERS. Mr. Chairman, that it is a very timely question, and in fact that question is a subject of a House subcommittee hearing today where my deputy, Everett Alvarez, is testifying. Let me just assure you that as Administrator of Veterans' Affairs, I had little choice but to send over the report which was gathered over the last year with a similar disclaimer on it, although it has been said that OMB had their input and recommendations.

In fact, I do not, I didn't think it was appropriate for us to claim that we had considered the Puerto Rican matter in the budget process when indeed we had not, and so we need to do that and Everett Alvarez is testifying to that today in front of a subcommittee in the House.

The agency stands behind the report in terms as far as it goes. We believe it is necessary to have an extension. We will not be able to place this project in the budget and get it all done prior to fiscal year 1984 budget which we are discussing now, and so we will need to have an extension of the authority to treat certain veterans in Puerto Rico. I think it is a reasonable request that we give you a plan for what we need to do in Puerto Rico, and the agency will embark upon that and hopefully in the not-too-distant future we can bring that to you.

Chairman SIMPSON. Fine. We will be reviewing the House's testimony and the response to them, too, and I want to share that with you. That is a concern, those health-care facilities.

Well, Dr. Custis, if I might direct some questions to you, in, the 1983 request for MAMOE, the Medical Administration and Miscellaneous Operating Expense appropriation, you have included $500,000 for a contract to study the feasibility of collecting fees, for user charges for medical services received at VA health-care facilities by non-service-connected beneficiaries who are not in receipt of a pension. The details of the proposed study had not been formulated by the time of our fiscal year 1983 budget hearing.

The question is, what is the status of that proposed half million dollar contract for the study of the establishment of a "user fee" for non-service-connected medical care?

Dr. CUSTIS. The proposal is indeed still in the process of formulation. The study has not begun. I would like, if I may, to defer to Ms. Quandt who is the program director for this study.

Chairman SIMPSON. Yes, please.

Ms. QUANDT. Mr. Chairman, we have prepared a protocol which has been not entirely reviewed in the agency. We are in the process now of sending that protocol through our procurement and supply office. It is a study of those users, who are now coming to us for care.

The larger study on the user fee will look at coinsurance, deductibles and other matters such as a minor subsistence charge and be a study for all veterans at risk, meaning all non-service-connected veterans. We are preparing probably within the next 6 weeks to have an advertisement in the Commerce Business Daily for the request for procurement for an outside group to make this study.

Chairman SIMPSON. About when are we going to get to that? We have had other studies with protocols that just raged on into the twilight.

Ms. QUANDT. We anticipate the study, because of its size, once the contract is let through procurement and supply will require at least 6 months to analyze that amount of data.

Chairman SIMPSON. When do you think we can be about the task?

Ms. QUANDT. If the contract is let in the third quarter, which is our aim, you will have some information some time after January 1984.

Chairman SIMPSON. Thank you, Ms. Quandt. I might ask about another study. What became of the study the VA conducted to evaluate the role of domiciliary care?

Last year I remember you testified that DM&S's goal was to reduce the census of domiciliaries by fiscal year 1983. The rate of reduction has slowed, and you now plan to reduce domiciliary beds by 344 to reach an average of 7,444.

Could you give us, please, your current views regarding your domiciliary policy this year?

Dr. CUSTIS. Mr. Chairman, that study was completed. It was not intended to be a study for publication but to lead, to provide guidance for the MEDIPP process.

The recommendations stemming from the study were presented to the Administrator. The Administrator concurred with the recommendations and it did become indeed MEDIPP guidance. It was decided at that time also that the pre-existing Presidential guidance under the Carter administration wherein the domiciliary level would be reduced by 1986 to 5,500 beds was in the light of information derived from the study overtaken by events, and that the census should rather be based on the demographic studies that were underway and needs assessment of domiciliary facilities for veterans.

The guidance specifically given to the district directors and their planning staffs, was this—that domiciliaries should be in the future considered the lowest, the minimal level of medical supervision and not exclusively a residence as such in the multilevel care concept of acute care, intermediate care, extended care and components in extended care—nursing home, hospital-based home care, and then finally at the tail end, the minimum level domiciliary care.

With this concept in mind, the criteria for constructing new domiciliaries came under review. You may recall that up until that time we were designing and building domiciliaries, specifically two in number, intended to be the prototypes of tomorrow's domiciliaries. Included were convertibility features that would enable them to be used as nursing homes in the outyears. Because of the expense involved in that kind of construction, that concept was soon abandoned and the Office of Construction is currently designing a domiciliary that would be much more like a residence hall than a nursing home.

Meanwhile the needs assessment coming out of MEDIPP is now back in Central Office, and by the first part of next month the Administrator will be receiving the MEDIPP input that will provide

the basis for domiciliary construction and utilization beginning in budget year 1985.

That was a long answer to your question.

Chairman SIMPSON. Better than none, and we are touching upon you know one of the real issues that is going to confront the Veterans' Administration and this committee and the Congress in these next 3 years.

The Rules Committee this morning was very clear in its directive about where we are going. Do we have enough resources to meet the issue of the aging veteran and where do we go with this whole wave of 11 to 12 million veterans coming into the system eligible for health care, regardless of their net worth or their income, and then going on into geriatric care? It is critically important that we begin to address those things now. That is why I think your construction budget begins to reflect that. Certainly the health care budget reflects that, and we have to prepare how to handle that and not end up, when that population has been taken care of, and God willing, with no more conflicts of war, overbuilt to a degree of extraordinary proportions.

Dr. CUSTIS. Mr. Chairman, if I may just add an afterthought: Meanwhile the domiciliary census is indeed going down and the figure for the 1984 budget is a lower figure than the current services, the reason being the emphasis we are now placing on residential home care. There are an increasing number of veterans availing themselves of that option.

Chairman SIMPSON. Just one other question of interest to all of us on the committee, and that is the recent interagency agreement between the Centers for Disease Control and the VA, the transfer of the agent orange epidemiological study to the CDC.

Am I correct in my understanding that the funding for 28 FTEE will come directly from the VA research budget?

Dr. CUSTIS. That is for the current year, Mr. Chairman.

Chairman SIMPSON. How many further——

Dr. CUSTIS. There is no funding in the 1984 budget. We expect to hear from CDC what their resource needs will be for 1984 in time for the supplemental.

Chairman SIMPSON. Then how many do you anticipate might be requested by CDC and from where will they be provided, through the supplemental or through other resources or how will you integrate the request for additional funds into the more natural budget request?

Mr. WALTERS. We will probably do that by budget amendment, Mr. Chairman.

Chairman SIMPSON. Do you anticipate, do you have some anticipation of what might be required there?

Mr. WALTERS. Don, what are the numbers?

Dr. CUSTIS. We have a reluctance to speak for CDC obviously, but I think it is fair to quote the CDC staff in saying that they would expect ultimately a 50 FTEE requirement for the study.

Chairman SIMPSON. Just a couple of questions—one question for Dorothy Starbuck and then I know that Senator Cranston will want to inquire.

Senator Cranston is pressed for time. Why don't you go forward and then we will conclude this panel about 11:15 or 11:20 and go

on. You have a large range of questions? OK. Then you may proceed and I will come back to those for you, Ms. Starbuck.

Senator CRANSTON. Thank you very much, Al. I appreciate the opportunity to ask some questions at this time.

I want to announce that Senator DeConcini is out of the country on official business which explains his absence today.

I am delighted to welcome the witnesses this morning. Harry, it's good to see you back before the Committee. I see many other familiar faces—Don Custis and Dorothy Starbuck, Connie Hoffman, John Murphy. I look forward to learning about your views and those of the Veterans' Administration on various aspects of the fiscal year 1984 budget.

Overall, I believe the VA proposed fiscal year 1984 budget is in good shape. Harry, I think the result is very much a tribute to your leadership and your persistence, and I congratulate you on a major achievement at the outset of your VA service, especially after taking office very late in the budget cycle as you did.

Also I agree fully with your remarks this morning that the VA is a winner. There are some specific concerns that I have about the budget, and many I will address in some questions that I will submit in writing. A few I want to cover now, and Mr. Chairman, I ask that written answers be provided by noon on Friday if that is acceptable?

Chairman SIMPSON. I believe that's all right? Without objection, it is so ordered.

Senator CRANSTON. Harry, would you agree regarding the 6-month delay you proposed in the comp/DIC COLA that this should be done only if the Congress reached agreement on a comparable delay for other income payments such as social security?

Mr. WALTERS. I do agree to that.

Senator CRANSTON. Good. I would like to learn the policy justification for the proposal in the President's budget to provide beginning in April 1985 and for subsequent years, reductions in the COLA amounts that would otherwise be provided in compensation benefits for those whose disabilities are 90-percent or less disabling.

Mr. WALTERS. That particular part of the budget proposal is not in the 1984 budget. I might add nor is the legislation here to be enacted in 1984. In fact, it is a topic for discussion throughout this country and I think the discussion has been quite lively. The VA is listening very carefully to what that dialog is, and further action may or may not show up in the 1985 budget.

Senator CRANSTON. I appreciate that very much. I want to go on. Is it VA and administration policy that recipients of VA disability comp for disabilities rated less than 100 percent are being overcompensated?

That is, are those veterans receiving compensation payments in amounts in excess of the amounts needed to make up for the impairments of earning capacities resulting from their disabilities?

Mr. WALTERS. The answer is no to that. I can ask you to repeat the question and make sure I said no to the right question. I think the way you worded the question the answer should come out no, but you might repeat that question for me once again.

Senator CRANSON. I think it should come out no, but if no one is being overcompensated, why the cut?

Mr. WALTERS. I just got through saying, and I would reiterate one more time, this is not a 1984 legislative proposal, rather it is a 1985 line item for discussion as far as I am concerned, and I am discussing it with you now. It is not the administration's position and it is not my position at this point in time, either. It is not in the 1984 budget.

Senator CRANSTON. I understand your position as the Administrator very clearly. There is also the administration's position. It is clear that the effect of this proposal would be, particularly after several years, to reduce substantially the value of compensation received by the service-connected disabled veterans.

For example, I note that the President's budget projects increases in the Consumer Price Index of 4.6, 4.6, and 4.5 percent in fiscal years 1985, 1986, and 1987. Using the President's own economic assumptions, the committee staff has calculated for me that in the third fiscal year your proposal would, for example, result in a loss of $288 in compensation benefits payable annually to a veteran with a disability rated 50-percent disabling. Rather than receiving $391 monthly in fiscal year 1987, that veteran would receive only $367 monthly.

What is the justification for that reduction?

Mr. WALTERS. Are you talking about the 1985 line item again?

Senator CRANSTON. Well, I am talking about what is in the President's budget that leads to this consequence.

Mr. WALTERS. There is nothing in there that leads me to that consequence. On the contrary, it seems to be a lame duck issue, and to be quite candid with you, this issue should be addressed in the context of the 1985 budget.

Senator CRANSTON. Actually there is language in the budget that has been submitted, the budget for the U.S. Government fiscal year 1984, page 5–132. Beginning in April 1985 it says, "The administration proposes to pay compensation cost-of-living increases in accordance with the following schedule," and it gives the schedule that I just related to you which shows the effect of those cuts.

Mr. WALTERS. Senator, let me just clarify a few things in my mind. First, this particular subject would require legislative approval and legislation. I want to make sure we understand that.

Second, it seems to me that that particular exercise is an exercise in cost containment and budgetary dialog, and again, 1985 is a new budget year, and as I said in my confirmation hearings, I intend to be an advocate for veterans and we will see how such an issue comes out.

Senator CRANSTON. I know clearly that you are an advocate of doing what is appropriate to do for veterans. This, however, is in the budget. I know that we have the opportunity to write laws that say yes or no and it is appropriate or is not appropriate, but it seems to me this is a mindless ivory tower OMB—not VA—proposal that ignores human needs and suffering.

It is even more harsh when one realizes the opportunities for these seriously disabled veterans to supplement their benefits with earned income is extremely limited because of their disabilities, as are the employment opportunities of many other Americans at this time because of not physical disability but the disability of our economy. The unemployment rate is not expected to decline signifi-

cantly for the years we are talking about by any projection I have seen from this administration or any economist. The President's budget projects that we will continue to have a rate of unemployment of 8.9 and 8.1 percent in fiscal years 1985 and 1986. Even during times when national unemployment rates were much less than they are now and are projected to be for the next several years, rates of unemployment among seriously disabled veterans have been estimated to be above 50 percent in better times than these we now have.

I can't believe that the proposal is based on the assumption that these individuals will make up for this lost purchasing power by finding work or by earning more because there is no sign of that. It seems to me that this proposal could do nothing other than substantially lower the standard of living for 94 percent of service-connected disabled veterans and their families and constitute a breach of faith—that again doesn't come from you, from the VA, it comes from OMB—and a breaking of our commitment or responsibility to provide for the needs of these people, needs which in many cases they cannot themselves fully meet as a result of the sacrifices they made in the service of their country.

The Budget Committee requests multiyear—fiscal year 1984 plus the next 4 years— budget projections from our committee in our budget recommendations. Thus we will recommend to the Budget Committee what amounts are needed in fiscal year 1985 and thereafter.

What is your reaction to this analysis and what the impact would be if this was done?

Mr. WALTERS. I have no trouble with your assumptions or remarks relative to the budget process.

Senator CRANSTON. What would you recommend we tell the Budget Committee on this?

Mr. WALTERS. I think we will have to deal with the Budget Committee's recommendation when it comes. I have no trouble with that.

Senator CRANSTON. In connection with the proposal that the VA has once again made to eliminate GI bill benefits for correspondence training and thereby save $4.9 million in benefit payments and $340,000 in general operating expenses in fiscal year 1984, I received a copy of the Administrator's February 9 letter transmitting the draft legislation to the Senate.

In that letter you stated, "The Congress in recent years has acknowledged the shortcomings of this program by decreasing the reimbursement rate for this program." I would like to take this opportunity to point out that at least as far as I am concerned, the actions taken by the Congress in 1980 and 1981 to decrease the proportion of the cost of correspondence courses reimbursed by the VA should in no way be construed to be an acknowledgement of any shortcomings in correspondence training.

In each case the legislation was enacted in response to cost-savings requirements imposed under the congressional budget process. Thus the basic purpose was to make cost savings, not to eliminate any perceived shortcomings. For many thousands of veterans, GI bill benefits for home study represent a valid and I think a very important way to acquire an education and necessary job skills.

For some, especially those who are disabled, it may be virtually their only chance. So I am distressed that the VA has misconstrued congressional actions in this area.

To illustrate, let me ask whether it is the VA's position that the Congress has acknowledged shortcomings in the VA burial allowance program by restricting eligibility for that benefit or in the VA compensation or pension programs by requiring the monthly payments be rounded down? I would assume that is not the case. Also would it be fair to say that the administration this year has acknowledged shortcomings in the service-connected comp program by proposing the cost savings in future comp COLA's? I am sure the answer is no, that is not the intention.

Now I have some questions for Dr. Custis. Don, last September the agency submitted the statutorily-mandated report entitled, "Study of the Feasibility and Desirability of Converting Selected Health Care Occupations to Title 38, United States Code."

The VA's report is very impressive, well documented, and a comprehensive evaluation of the current situation regarding non-title 38 health care personnel within DM&S. I congratulate you and the Department on a truly excellent job.

Unfortunately, the administration to date has not taken a position on the report, so my first question is: Does your budget include any funds for the cost of carrying out in fiscal year 1984 any of the recommendations of the study?

Dr. CUSTIS. No, sir, the budget does not. The status as far as implementing any of these recommendations is something like this—OPM objects to these recommendations, specifically the transfer of three categories of allied health personnel, namely, LPN's, LVN's, physical therapists and respiratory therapists, to title 38, and makes a counterproposal.

OPM has also consulted OMB, and there is now a dialogue going on between the two bodies. Meanwhile, as you know, the legislation does give the Administrator authority to take optionally administrative action. We would hope that this need not be resorted to, that we can work out a mutual understanding between the VA, OPM and OMB.

That is about as much as I can say at this time. We would be glad to provide for the record more detail as to exactly what the source of contention is here.

Senator CRANSTON. You are really talking about ameliorating the problem, but you can't really convert them without legislation?

Dr. CUSTIS. That is correct. That is absolutely true.

Senator CRANSTON. If you could provide some more information for the record on that I would appreciate it.

[Subsequently, the Veterans' Administration submitted the following information:]

The Office of Personnel Management's response to the VA's study on the conversion of health-care occupations to title 38 was contained in a letter dated January 17, 1983, to the Director, Office of Management and Budget. In that letter, OPM stated they believed conversion of the three occupations was unwarranted by the circumstances, and recruitment and retention difficulties are not sufficient justifications for all the recommendations proposed in the VA study. OPM expressed concern that it would be more difficult to control grade levels and pay under title 38 than under the General Schedule. OPM also indicated opposition to the application of title 38 premium pay practices to various technician occupations.

A major contention now between VA and OPM is related to the title 38 conversion study report, that is, VA's use of the independent special rate authority for title 5 health-care personnel. That authority was provided by Public Law 96-330, section 112. The VA's title 38 conversion study report recommended we make appropriate use of that authority when needed to provide competitive pay levels for various general schedule health care occupations. In September 1981, OPM recommended to OMB that an executive order be issued to delegate to OPM the President's authority to disapprove such special rates within 90 days of notification by the Administrator. As now drafted, that executive order would empower OPM to disapprove requests not meeting specific rigid criteria similar to those in effect for OPM's own special salary rate program under title 5.

We believe this issue requires considerable review and discussion so as not to nullify the authority granted the Administrator by Public Law 96-330, section 112. VA representatives have met with OPM and OMB officials in an effort to reach some understanding on this matter. Additional meetings are scheduled but as yet have no agreement on what role OPM will have in review of VA's independent special rate authority.

Senator CRANSTON. As you know, Don, title IV of S. 11, legislation I introduced last month along with a number of my colleagues, contains provisions that would carry out the recommendations of the study to convert three health-care occupations working in DM&S—licensed practical or vocational nurses, physical therapists and certified or registered respiratory therapists—from the title 5 to the title 38 personnel system.

What is your personal and professional opinion of the necessity and desirability of converting each of these three occupations to title 38?

Dr. CUSTIS. My personal opinion, I think it is supported by the study. Something must be done if we are to compete with the private sector for these health disciplines. These three in particular are in short supply and our ability to compete for their recruitment is getting weaker by the year. We need some kind of relief as to what we can offer for recruiting and retaining especially these three.

Senator CRANSTON. So there are serious problems with the three and you would support converting them in view of those problems.

Mr. MURPHY. I would like just to note we have not yet had an opportunity to formulate a formal agency position.

Senator CRANSTON. I was asking for the Chief Medical Director's personal opinion.

Don, in current law the VA is required to submit to the Congress by April 1, 1984, a report on the readjustment counseling program, and the period of eligibility to request counseling expires on September 30, 1984.

For future planning purposes, do you personally believe that a 1-year extension of the report deadline and the readjustment counseling eligibility period would be advisable in order to allow a more complete opportunity to evaluate the success of the readjustment program to date, the continuing demand for readjustment counseling, and what would be the best way to meet that demand? I am asking for a personal view.

Dr. CUSTIS. Again, the agency, certainly the Administrator hasn't had an opportunity to have an informed opinion on this subject.

As to my personal opinion, I believe that at the present time the program continues to have a workload that is not apt to diminish in the near future, and I personally believe that we will not be able to formulate plans for the phaseout of the system in the short time-

frame that we have left, so my answer is yes, I think the year's extension probably will be everyone's recommendation in the near future.

Senator CRANSTON. The Chief Medical Director's letter of December 1, 1982, on the subject of quality assurance reported that 46 VA medical centers had been awarded limited accreditation or contingency accreditation by the Joint Commission on the Accreditation of Hospitals.

Please describe for the record your plans for achieving full accreditation for all VA facilities, if you could do it for the record.

Would the achievement of full accreditation for all of your facilities require any fiscal year 1984 or future year funds not included in the President's budget request?

Dr. CUSTIS. First of all, Senator, we have a far more favorable record as far as accreditation goes, including contingency accreditation contingent upon correcting the deficiencies than does the private sector. We have no loss of accreditation, only contingencies. The main reason for these partial accreditations has to do with the structural deficiencies and——

Senator CRANSTON. Just a minute; the reporter has to change paper.

[Brief pause in the proceedings.]

Senator CRANSTON. OK.

Dr. CUSTIS. We have for a number of years now been working on the correction of these fire, safety, and privacy deficiencies that are keeping us from a full accreditation. It will take several years to complete our effort and parenthetically will result in the further loss of something like 4,000 or 5,000 beds.

We could always speed this program up if we had the resources to do so. There is no criticality involved in that we are faced with having to close any facility. In other words, the Joint Commission is satisfied with our progress and we have a planned program extending over a number of years to correct these deficiencies.

Senator CRANSTON. I was really asking if you need more money in 1984 to achieve full accreditation.

Dr. CUSTIS. Money would not make any difference, Mr. Chairman.

Chairman SIMPSON. That is the most extraordinary statement I have ever heard in my life in this entire city! Thank you for caring!

Senator CRANSTON. Don, I note that as a longstanding believer in the importance of the VA's medical and prosthetic research program, particularly research relating to aging, spinal cord injury, agent orange exposure and other research that focuses specifically on the actual health-care needs of veteran patients, I am distressed that the fiscal year 1984 budget proposes an increase for the medical and prosthetic research account of less than 1 percent over the fiscal year 1983 level. Obviously that doesn't keep pace with inflation, and in particular, funding for rehabilitation research—an area which I believe should be a high priority in the VA—is down 6.8 percent from fiscal year 1983. I believe that Senator Simpson shares these concerns and raised them earlier.

I just want to register my concern about that. I understand that the agency request for medical and prosthetic research originally included an additional $1.4 million. What was the original Depart-

ment of Medicine and Surgery request for this account and how is it broken out among the major programs of medical, rehabilitation, and health services research?

Dr. CUSTIS. May we provide that for the record? I can only give you round numbers.

Senator CRANSTON. Yes. All right, but I am asking for the departmental request, not the agency request.

Dr. CUSTIS. I understand.

[Subsequently, the Veterans' Administration submitted the following information:]

The departmental fiscal year 1984 request based on its programed needs for Medical and Prosthetic Research.

The Department's fiscal year 1984 request to support programed needs in Medical and Prosthetic Research, based on the level of support provided for fiscal year 1983 was:

	Thousands
Medical Research	$153,236
Health Services Research and Development	4,196
Rehabilitation Research and Development	11,285
Total	168,717

Senator CRANSTON. What activities will be foregone or curtailed as a result of reductions that were made in the DM&S budget request for this account?

Dr. CUSTIS. Could we provide that for the record?

Senator CRANSTON. All right. How much more funding is needed in medical and prosthetic research in order to avoid any reductions in FTEE?

Dr. CUSTIS. To totally accommodate uncontrollable increases, $5.3 million would be needed in my opinion.

Senator CRANSTON. Thank you very much. Al, that completes my questions.

I do want to say I wish I could remain for the testimony of the Assistant Secretary and the service organizations. I can't, but I welcome them here and I will review their testimony carefully.

I will be submitting written questions to you. Thank you very much.

Chairman SIMPSON. You bet. Thank you. Just a couple of questions for Ms. Starbuck, and we can go on to the next panel.

In your management of the Department of Veterans' Benefits, you feel you can feel confident that you can continue to manage this while you sustain a decrease of 419 FTEE in your programs and general operating expense appropriations?

Will DVB suffer from those reductions or will we see increased productivity, decreased caseload? Will that allow you to maintain your standard? I would be interested in that.

Ms. STARBUCK. Thank you, Mr. Chairman. I think that a reduction of 419 certainly has some impact on us. We don't take these reductions without flinching a little bit now and then, but with the reductions in the workload which have been predicted, we will not have problems in continuing the service that we are giving.

Just as a matter of interest, we took what might be called a snapshot of where we were a year ago in our compensation, pension, and education and where we are today, and nationally we

have 16,000-plus less records on the floors in our regional offices than we had a year ago, and at the same time we have about 314 less employees on duty in the Adjudication Division, but oddly enough, with the attention that is being paid to the management of the program and the cooperation we are getting from both the Service Department and the Department of Medicine and Surgery on examination and reports of examination for veterans, we are making some rather steady progress in the timeliness or in the total lapsed time it takes us to adjudicate cases.

Chairman SIMPSON. So you can distribute these reductions without injury to your mission?

Ms. STARBUCK. I believe we can, yes, sir.

Chairman SIMPSON. Just let me ask you, you heard Senator Cranston speak about correspondence courses and we have discussed that in our committee over the years.

What negative impact would our constituents from all over the country encounter if all correspondence courses were to be terminated? What other options would be open to those who insist that this is their only method of receiving a GI bill educational experience?

Ms. STARBUCK. Well, if the individual veteran sees this as his only option, we don't have an alternative to offer to the correspondence course.

Chairman SIMPSON. And if there are no other options or if there are other options, what is your feeling about correspondence courses? Are they fruitful? What would occur if they were to be terminated as one of the options for a veteran?

Ms. STARBUCK. We have not, although this has been a subject of consideration for a number of individual years, we have not updated the findings of the study which seemed to show that the pursuit of correspondence courses were not in fact leading veterans who took those courses into full employment in the field for which the study was made.

Chairman SIMPSON. And so then it was really more than just a budget item? It was an efficacy situation?

Ms. STARBUCK. Yes, sir.

Chairman SIMPSON. But we do have participation now by the veteran in meeting that expense. Let me just ask you if we have any determination on advanced payments for educational benefits, what negative impacts we see there. What percentage of veterans who are eligible for advance payments, what percentage actually apply for that?

Ms. STARBUCK. I don't have that exact figure, but I would be glad to furnish that, but the problem with the elimination of the advanced payment, of course, falls on the veteran at the time of his enrollment if he has no financial means to meet the requirements for the payment of tuition fees, books, and all of the other things that are required.

Chairman SIMPSON. Fine.

[Subsequently, the Veterans' Administration submitted the following information:]

All veterans in institutional training at the half-time rate or greater are eligible for advance pay if the educational institution agrees to handle the payment for the veteran. In 1982, 99,062 advance payments were made to veterans. This represents

about 15 percent of the 661,806 veterans enrolled in institutional training during the year. There are no data on the number applying or numbr not accepted for whatever reason for example, applied too late; school will not service payments, et cetera.

Chairman SIMPSON. I'm going to submit the rest of those questions in writing. I would like to know the percentage that represents, how much interest is typically charged, if there are abuses of the privilege, and then the final one, I have had some constituent information, not just my office, but particularly in the western offices of States served by the Denver regional office reporting a delay of six weeks for a lender to be informed of a commitment or disapproval. That is on a GI loan.

Is that delay typical of loan guarantee service throughout the country? If they have a volume increase, and we certainly are having that, and there is a proposed reduction of some in the loan guarantee service, will we already then see a taxation or overburdening rather—forget the word taxation—of an already burdened system?

Ms. STARBUCK. Denver was one of the offices which was significantly hit when the interest rate got down to its current level.

What we are dealing with in Denver is a very rapid building process out there as well as an extremely high pent-up demand for housing at reasonable cost. We have recognized the problem there in Denver, and we have provided some overtime funding to the office there so that they can get their workload in a little more reasonable situation. I concede to you that there was a time when Denver was 6 weeks behind, but they are not today, Senator.

Chairman SIMPSON. Fine. I thank you very much for your testimony and patience, and we appreciate it. Thank you very much, Harry.

[The prepared statement of Harry N. Walters, Administrator of Veterans' Affairs and the Veterans' Administration's responses to written questions submitted by Hon. Alan K. Simpson, chairman of the Senate Committee on Veterans' Affairs; Hon. Alan Cranston, ranking minority member of the Senate Committee on Veterans' Affairs; Hon. Strom Thurmond, a U.S. Senator from the State of South Carolina; Hon. Robert T. Stafford, a U.S. Senator from the State of Vermont; and Hon. Pete V. Domenici, a U.S. Senator from the State of New Mexico, follow:]

PREPARED STATEMENT OF HARRY N. WALTERS, ADMINISTRATOR OF VETERANS' AFFAIRS

Mr. Chairman and members of the Committee, I am both pleased and honored to appear before you with key members of my staff to testify in support of the Veterans Administration's fiscal year 1984 budget. I feel confident that this budget, if appropriated, would serve our Nation's veterans well. They deserve such treatment because America is number one, thanks to our veterans.

The VA must be able to provide quality medical care which recognizes the unique needs of both the aging and younger veteran population. We must maintain a balanced medical and prosthetic research program -- one of excellence with a particular focus on high-priority health care requirements of veterans. Continued improvement in rehabilitation and readjustment programs, as well as necessary cost of living increases in compensation and pension payments, are planned for in our 1984 budget estimates. As for our construction program, we have provided for new facilities and the expansion, modernization and improvement of existing facilities.

The total budget authority requested for 1984 is $26.1 billion which consists of an appropriation request of $25.1 billion, including proposed legislative cost-savings of $135 million; funding related to permanent authorizations of $714 million; and new proposed legislation with cost increases of $238 million. The request also includes an average employment level of 220,785 to provide appropriate staffing for all VA programs.

Our 1984 estimates represent a net increase of $1.1 billion in budget authority over the requested amount of $25 billion for 1983, including supplemental requirements of $189.7 million (primarily related to the October 1982 pay raise). The 1984 request also provides for a net increase of 1,914 average employment above the 1983 level of 218,871.

Although the 1984 estimates represent the largest budget request in Veterans Administration history, we believe they support President Reagan's goal of economic recovery and meet the Administration's commitment to the Nation's veterans. We welcome the opportunity to present our program plans to the Committee during the course of these hearings. With your permission, I will now highlight the appropriation requests by account.

COMPENSATION

For Compensation, we are requesting an appropriation of $9.9 billion, which is an increase of $393.4 million over 1983. Legislation for a 5.1 percent cost-of-living rate increase also is being proposed, to be effective April 1, 1984, at an additional cost of $238 million in 1984.

PENSIONS

Pensions are estimated at $3.8 billion, including an automatic cost-of-living increase of 5.1 percent effective December 1, 1983. This level is $10 million above the estimate for Pensions in 1983 and includes cost-savings legislation totaling $113.3 million.

BURIAL BENEFITS AND MISCELLANEOUS ASSISTANCE

Burial Benefits and Miscellaneous Assistance will require $149 million, up $8 million over 1983 requirements. This is primarily due to increased workloads.

READJUSTMENT BENEFITS

Readjustment Benefits will continue to decline in 1984 as reflected in our request of nearly $1.4 billion, which is $295 million below 1983. The number of GI Bill trainees continues to decline as the number of eligible veterans reach their delimiting date or attain their educational goals. We are also requesting the termination of all correspondence training, as well as eliminating the advance payment of educational assistance allowances. These two cost-savings, legislative proposals total $20.5 million.

HOUSING LOAN PROGRAMS

In conformance with the Administration's policy to replace Federal credit with private credit, VA is continuing the sale of its loan assets in the Loan Guaranty and Direct Loan programs. The total of these sales are estimated to be $839.4 million in 1983 and $377.1 million in 1984.

MEDICAL CARE

The Medical Care appropriation request for 1984 is $8.1 billion, an increase of $383.1 million over the request for 1983. Average employment would increase by 2,306 to an all-time high of 190,544.

We would thus provide for the treatment of 1.4 million inpatients, with a total average daily census of 103,065, and for 18.2 million outpatient medical visits. The increased resources also will provide for the activation of two new nursing home care units in Dallas, Texas and Wichita, Kansas; a new outpatient clinic in Pensacola, Florida; and the full activation of 4 medical centers - Bay Pines, Florida; Little Rock, Arkansas; Martinsburg, West Virginia; and Richmond, Virginia.

In addition, the 1984 request provides for new or expanded initiatives in the areas of automatic data processing decentralization; spinal cord injury home care; pharmacy unit dose; automated electrocardiographic interpretive systems; an automated medical equipment reporting system; supply processing and distribution systems; and the establishment of a new Geriatric Research, Education and Clinical Center -- bringing the total of such centers to nine.

MEDICAL AND PROSTHETIC RESEARCH

The Medical and Prosthetic Research appropriation request of $156.3 million represents a $1.5 million increase over the 1983 estimates, although average employment is down 170 to 4,215. The research program, however, will continue to emphasize priority studies in aging, alcoholism, delayed stress, spinal cord injury, health of former prisoners of war and the effects of Agent Orange on the health of Vietnam Era veterans.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

The 1984 request for this account of $66.6 million is an increase of $10.1 million. This level of funding will provide resources for medical program supervision and administration, including an average employment level of 856; continuation of the medical inservice training programs; and expansion of the health professional scholarships program. This program would be increased by $3.8 million and would provide one-year awards for 58 nursing students and two-year awards for another 146 students.

CONSTRUCTION

The 1984 request for the two construction appropriations totals $868.3 million; it includes funding of $783.1 million for medical facilities projects, $7.9 for cemetery projects, $25.5 for advance planning for future projects, and $45.8 million for general administration. We are also emphasizing the correction of safety and other code deficiencies.

There are 37 projects in the major request, 30 of which are new projects while seven others had some prior funding. Eight nursing home care projects, including the renovation of existing space at Bath, New York, will add 960 nursing home beds. Inclusion of three new outpatient projects reflects our continued emphasis on pursuing alternatives to hospitalization as the most effective means of caring for veterans. We are, of course, requesting replacement of the Minneapolis hospital at a total cost of $269 million.

GENERAL OPERATING EXPENSES

For the General Operating Expenses appropriation, we are requesting $719.1 million in budget authority and 20,235 average employment in the 1984 budget. While we are requesting an increase of $27.9 million in budget authority, we also are requesting a net decrease of 263 average employment from the 1983 levels.

Program enhancements include completion of the expansion of Centralized Accounting for Local Management to all medical centers; the opening of a new national cemetery in Fort Custer, Michigan and completion of activation of the Quantico, Virginia, National Cemetery; the addition of 3 new board sections for the Board of Veterans Appeals, for a total of 19; expansion of the General Counsel's debt collection activity; and expansion of the Inspector General's fraud detection and prevention activities.

The net employment decrease is due primarily to workload declines in the education, compensation, and pensions programs of the Department of Veterans Benefits.

This concludes my prepared statement, Mr. Chairman. We will be pleased to answer your questions regarding the 1984 budget estimates of the Veterans Administration.

RESPONSE OF THE VETERANS' ADMINISTRATION TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

QUESTION 1.

I would wish to know if the Congress were not to act on your proposed legislation to extend the authority for contract care in Puerto Rico and the Virgin Islands without a detailed plan, would you then submit such a plan or would you allow the contract authority to lapse?

ANSWER 1.

The VA's recent report entitled, "A Plan for the Delivery of Health Care to Veteans in Puerto Rico and the Virgin Islands," was not requested by the Committees until August 18, 1982. Unfortunately, with the timing of the budget process for FY 84, the VA was unable to consider this report's recommendations in preparing that year's budget. Also, the report neither analyzes nor sets forth how the health-care needs of veterans in Puerto Rico and the Virgin Islands could best be met in relation to the many other important and competing needs of veterans in other parts of the United States. Even if the VA had been able to address all the recommendations in the report in the budget for FY 84, any realignments of existing space at VA facilities or additional construction could not be completed before the expiration date of the VA's contract authority. Therefore, as the report recommended, we request an extension of this authority through FY 86 so that eligible veterans in Puerto Rico and the Virgin Islands will not be denied necessary health care. Such an extension will permit the VA to consider the appropriate balance to be achieved in a manner and through a process that allows the needs of all veterans to be considered together and in relation to one another. In the formulation of the FY 1985 and subsequent fiscal year budgets, the construction needs of Puerto Rico will receive attention. These needs have been addressed through the MEDIPP process. Because the Administration has already proposed to Congress an extension of the authority for contract care in Puerto Rico and the Virgin Islands, the decision whether or not to allow the contract authority to lapse rests with Congress, not the Veterans Administration.

QUESTION 2.

During the hearing, Dr. Custis and Dr. Boren explained the program adjustments which were taken to implement a $5 million reduction in the budget for medical and prosthetics research. There remains, however, the question of why the policy decision to take the $5 million cut was made. Will you please explain the basis on which the decision was made. Will you please explain the basis on which the decision was made to reduce the budget request for medical and prosthetics research from the FY 1983 levels?

ANSWER 2.

The 1984 original OMB request for Medical and Prosthetic Research appropriation provided for a substantial increase over the 1983 level, but the 1983 congressional add-on of $14.9 million reduced the apparent increase to $1.5 million. The 1984 level is consistent with the recent trends in funding and personnel, but the 1983 infusion of congressional dollars was slightly higher. We terminate lower-priority programs in order to maintain a high-quality balanced program within the budgetary level provided.

QUESTION 3.

You testified recently before the House Appropriations Committee that the VA will become more active in employment issues. Do you have some plans to share with the Committee in this regard?

ANSWER 3.

Yes, during my confirmation hearing before this Committee several questions were asked regarding my use of the authority provided under 38 U.S.C., § 220. As you know, this provides the Administrator broad authority to interrelate with other Agency programs primarily affecting veterans. In this regard, I have instructed my Special Assistant, Mr. Kenneth Klinge, to begin work under this authority to establish a task force with other agencies which will also insure input from concerned groups in an effort to address employment problems and solutions of our veteran population. He has reported to me that a number of meetings have been held and that he is on the way to producing a plan for my approval. When we have made progress in this regard, I will be pleased to share the result with your Committee.

QUESTION 4.

The budget request for FY 1984 includes funds to expand the current number of Geriatric Research, Education and Clinical Center (GRECC's) authorized by P.L. 96-330, Title III, to nine.

A) Where do you anticipate that the new GRECC will be located?

B) What criteria were used to choose the site?

C) Please provide a chart showing for each GRECC the estimated FY 1984 costs and associated FTEE.

D) Also, please display the allocation of FTEE's among the health and other professions at the eight existing and one planned GRECC.

ANSWER 4.

A.) In order to maximize resources in areas of greatest utilization, address migration patterns and to achieve geographic balance, as mandated by Congress in Public Law 96-330, the VA plans to locate the new GRECC in the Southeast portion of the United States. Eleven VA Medical Centers have been invited to submit letters of intent to submit proposals for a GRECC: Richmond, VA; Durham, NC; Atlanta (Decatur), GA; Augusta, GA; Charleston, SC; Columbia, SC; Birmingham, AL; Jackson, MS; Gainesville, FL; Miami, FL; and Tampa, FL.

B.) In addition to meeting the criteria contained in Public Law 96-330, the following criteria were used:

- o VAMC with an approved Memorandum of Affiliation with a medical school, with 50 or more residency positions currently, or imminently, being allocated;
- o VAMCs not in a district with an extant GRECC; and
- o Located geographically in the Southeast portion of the United States (area with a high density of geriatric veterans).

C.) The estimated FY 1984 costs and associated FTEE are shown on the attached Table 1.

D.) The allocation of FTEE among the health and other professions at the eight existing and one planned GRECC are shown on the attached Table 2.

Attachments

TABLE 1

GRECC FY 1984 ESTIMATED PERSONAL SERVICES AND OTHER COSTS

GRECC	FTEE	CLINICAL	FTEE	RESEARCH	FTEE	EDUCATION	TOTAL FTEE	TOTAL COSTS
Bedford/ Boston	6.0	$297,184	10.5	$514,684	10.6	$599,364	27.1	$1,411,232
Little Rock	17.2	699,328	.4	17,631	5.4	181,581	23.0	898,540
Minneapolis	6.4	288,373	1.7	72,471	2.3	101,972	10.4	462,816
Palo Alto	5.8	260,675	1.6	70,010	4.6	182,423	12.0	513,108
Seattle/ American Lake	6.2	275,704	5.4	282,529	1.6	78,359	13.2	636,592
Sepulveda	5.2	219,789	3.4	144,759	9.1	337,221	17.7	701,769
St. Louis	11.1	460,025	3.5	146,953	1.3	58,059	15.9	665,037
West Los Angeles (Wadsworth)	2.6	103,045	3.2	143,827	5.3	237,644	11.1	484,516
New GRECC	4.0	163,000	4.0	241,000	4.0	230,300	12.0	634,300
TOTALS	64.5	2,767,123	33.7	1,633,864	44.2	2,006,923	142.4	6,407,910

Source: VA Report RCS 14-4 for FY 1982 Personal Services, plus other costs. Payroll increases and increased usage added for FYs 1983 and 1984.

NOTE: Includes projected Medical Care resources assigned directly to the GRECC; and excludes additional resources for Education and Training staff positions, MAMOE (Post-graduate and In-Service Training), and Research (Merit Review projects).

TABLE 2

GRECC FTEE ALLOCATION*

CATEGORY	BEDFORD/ BOSTON	LITTLE ROCK	MINNEAPOLIS	PALO ALTO	SEATTLE/ AMERICAN LAKE	SEPULVEDA	ST. LOUIS	WEST LOS ANGELES (WADSWORTH)	NEW GRECC
Physician	5.5	3.2	1.7	3.8	4.1	3.4	3.8	2.0	3.0
Ph.D. Psychology, Chemistry, Education	5.5	2.0	2.0	2.6	1.5	3.5	2.5	3.0	4.0
Nurse	4.5	12.5	1.0	1.0	1.0	2.5	4.0	2.0	1.0
Technicians/ Therapists	2.6	1.0	1.0		2.0	1.6	3.0		1.0
Administrative	4.5	2.8	2.0	2.6	3.6	3.0	2.6	3.1	3.0
Other	4.5	1.5	2.7	2.0	1.0	3.7		1.0	
Total	27.1	23.0	10.4	12.0	13.2	17.7	15.9	11.1	12.0

*Estimation based on VA Report RCS 14-4 for FY 1982.

NOTE: Includes Medical Care FTEE assigned to the GRECC; and excludes Education and Training staff positions and FTEE for Research projects.

QUESTION 5.

Have you prepared Requests for Proposals (RFP's) to procure hardware for the implementation of the decentralized Automatic Data Processing (ADP) plan for DM&S outlined in a detailed plan issued in January 1983? Please provide copies of them to the Committee.

ANSWER 5.

Requests for Proposal to support the Decentralized Hospital Computer Program (DHCP) Phase II procurements are currently being written. Once the documents are published, copies will be provided to the Committee.

QUESTION 6.

The Computerized Medical Information Support System (COMISS) is being transferred from the Office of Data Management and Technology (ODM&T) to the Department of Medicine and Surgery (DM&S) as confirmed in a letter from Administrator Walters to this Committee on February 1, 1983. Does this move require an increase of travel funds for COMISS? If not, then how will the additional $40,000 in employee travel in medical administration be used?

ANSWER 6.

Congress directed in Pub. L. 97-377 that COMISS be transferred from the Office of Data Management and Telecommunications (ODM&T) to the Department of Medicine and Surgery (DM&S). Associated resources totaling $1.0 million were transferred in 1983 from the General Operating Expenses (GOE) appropriation to the Medical Care appropriation based on congressional direction (Pub. L. 97-377). No resources were transferred to MAMOE in 1983. MAMOE's 1984 COMISS requirements total $550,000 and are reflected as a transfer from GOE to MAMOE in 1984. The $40,000 in travel funds is therefore not an actual increase in travel requirements but rather a transfer of funding responsibility. These resources will be utilized to support the Decentralized Hospital Computer Program (DHCP).

QUESTION 7.

What has been the progress on the VA Affiliation Study? How many schools are now affiliated "strongly" with VA Medical Centers compared to one year ago? Do you expect the decrease proposed for FY 1984 in grant assistance to Health Manpower Training Institutions to affect affiliation?

ANSWER 7.

The decision has not and cannot, at this time, be made as to whether it is utilizable as an ongoing management tool throughout the system. The modeling involved is controversial because of the degree of subjective elements involved. It is now undergoing test, evaluation and modification in several VA medical centers. If perfected and accepted, it could possibly be fully implemented throughout the system by September 1984.

134 of our VA medical centers are affiliated with 100 of of the nation's medical schools, compared to 133 medical centers with 100 schools a year ago. We do not routinely classify affiliation relationships in this way; but in the general sense of the term, there have been no major changes in the degree of affiliation in the past year.

No, we do not expect any adverse effect. The grants program has greatly enhanced affiliations. The decreases reflect the successful conclusion of several grants after seven or eight years of planned support. The VA will meet all of its funding commitments to grantees in this program.

QUESTION 8.

How much has been expended and is proposed to be expended from remaining Medical Administration and Miscellaneous Operating Expenses (MAMOE) funds appropriated for the nurse scholarship program authorized in P.L. 96-330?

ANSWER 8.

All funds appropriated or transferred to the VA Health Professional Scholarship Program will be expended for nursing scholarships.

	($000)	
Availability	1982	1983
Appropriation	$4,000	$ 415
Appropriation Transfer - available for obligation through September 1983	8,000	---
Supplemental for stipend increases	---	93
TOTAL	$12,000	$ 508
Obligations		
Administrative Costs	$ 22	$ 354
Scholarships	6,001	6,131
TOTAL	$6,023	$6,485
Number of Awards	344	328

In FY 1984, $4,343,000 is requested. $3,915,000 will support 204 awards with the remaining $428,000 for administrative costs.

QUESTION 9.

Of the $323,673,000 estimated for contract care, what portion of the care is expected to be used for health care for female veterans?

ANSWER 9.

The estimated $323,673,000 cost of contract care includes both contract hospitalization and contract nursing home care for all VA beneficiaries. In FY 1984, $104,565,000 of this total is estimated for contract hospitalization and the balance is for the contract nursing home care. Female veterans are eligible for contract nursing home care on the same basis as male veterans. Entitlement to contract hospitalization for veterans rated permanently and totally disabled because of a service-connected condition or for veterans needing treatment of service-connected disabilities is the same for female veterans as for male veterans. Female veterans, however, are eligible for contract hospital care for nonservice-connected disabilities if VA facilities are not available while male veterans' eligibility for contract hospital care is limited as provided in title 38, section 601, U.S.C. Readily-available statistical data do not provide workloads or a distribution of expenditures for contract care provided for female veterans. Based upon this lack of readily-available data, we are unable to anticipate with any degree of certainty future expenditures for contract care provided for female veterans at this time. Modification of the data collection base is planned so as to obtain this information in the future.

QUESTION 10.

Where will the two new spinal cord injury (SCI) home care units be located? What criteria were used to select the sites? How will the FTEE's be allocated among the health professions?

ANSWER 10.

The two new home care units for SCI will be at East Orange and Cleveland. The SCI service criteria recommend home care units in any center designated for acute rehabilitation and sustaining care. The FTEE allocation is somewhat dependent on the size of the center, but, in general a part-time physician, and full-time social worker, nurse practitioner and therapist constitute the care of the home care team.

QUESTION 11.

What is the total number of SCI veterans receiving services under this program? How many of these are service-connected?

ANSWER 11.

Total number of SCI veterans receiving services in SCI home care in FY 82 was 873. These veterans were provided a total of 62,638 days of care. The number who were service-connected was 352.

QUESTION 12.

Have you decided to convert some existing hospital beds to nursing home beds? If so:

A) Where is this planned and will this process be restricted to surplus beds or would an entire hospital be converted?

B) Have any conversions begun?

C) What criteria are used in making these decisions? Are they a natural outcome of the Medical District Initiated Planning Process (MEDIPP) or are other factors brought to bear?

D) What will be done to accomodate patients currently eligible to receive care at hospitals which will convert all or some beds to nursing home beds?

If not:

A) Please elaborate on the past, present and future mission of a non-affiliated, rural, primary care hospital such as Alexandria, Louisiana.

ANSWER 12.

The conversion of existing hospital beds to nursing home care beds is under consideration as an appropriate strategy for several reasons. In districts where an excess of hospital beds and a need for nursing home beds is projected, the conversion of hospital beds to nursing home beds may be a viable alternative.

A) While the majority of conversions will probably involve surplus hospital beds, in a few districts it may be more appropriate to consider a change in the mission of an entire hospital from a primary medical and surgical hospital to an extended care facility. While total conversion is being studied as a possibility at some medical centers, the Department of Medicine and Surgery has not made any final decisions which would result in a mission change of this extent at this time.

B) Proposals for conversions are in the planning phase and are currently under review. Initial decisions concerning the proposals will be made by April 1983. In some cases final decisions are subject to congressional review in accord with Public Law 97-66.

C) The most basic criterion is the determination of the nature and extent of care required for veteran patients in the future. Various bed projection techniques and professional judgment are utilized to make informed estimates concerning future needs for hospital and nursing home beds. Where projections indicate that fewer hospital beds and more nursing beds are needed within a District, opportunities for conversion are considered.

Other criteria include: (1) the resources of other VA facilities and their capability for absorbing the hospital workload and for providing for the acute care needs of patients in VA nursing homes; (2) opportunities for conversion that will increase the quality of care provided; and (3) opportunities to increase the cost effectiveness of operations through conversion.

D) Most facilities which would convert beds would retain a primary medical capacity. Conversion of beds in a hospital from acute to long-term care would occur in those instances where there is little need for the acute beds, but there is a need for long-term care beds. Acute care will be provided in the nearest VA medical center that retains acute care capability. However, as noted above, no conversion will be approved without careful consideration of the capability of other VA medical facilities to absorb, if necessary, hospital workloads at the affected facility.

QUESTION 13.

P.L. 97-251, the Veterans' Administration Health-Care Programs and Improvement Act of 1982, extended the authorization for contract fee-basis care in Puerto Rico and the Virgin Islands for one year until September 30, 1983, and the joint explanatory statement accompanying this law directed that a detailed proposal pertaining to health care for eligible veterans be developed. The requested budget for FY 1984 includes a request for approximately $17.6 million for contract hospital care in Puerto Rico, an increase of approximately $2.8 million from FY 1983 and $3.6 million from FY 1982, with no proposal for legislation to be enacted by September 30, 1983.

A) Will you propose legislation to authorize the expenditure of contract care in Puerto Rico and the Virgin Islands?

B) When will decisions be made on whether to implement one or more recommendations of the VA report, "A Plan for the Delivery of Health Care to Veterans in Puerto Rico and the Virgin Islands", submitted to this Committee on January 20, 1983?

C) Do you anticipate that any decision will alter the nature and size of contract care expenditures in Puerto Rico?

D) Have any efforts been made to locate existing space to use for additional psychiatric beds, eitehr on a temporary or permanent basis? If so, please explain. If not, when will such a search be conducted?

ANSWER 13.

A. Legislation to extend the VA's authority to provide contract health care to veterans in Puerto Rico and the Virgin Islands through September 30, 1986, was formally submitted to both Houses of Congress on February 14, 1983.

B. While this report provided the VA with an assessment of the health care needs of veterans in Puerto Rico and the Virgin Islands, it did not analyze nor set forth how those needs could best be met in relation to the many other important, competing needs of veterans throughout the nation. Therefore, it is important that, in deciding on the report's recommendations, the VA consider the needs of all veterans in order to strike an appropriate balance on how it will obligate its resources. We anticipate that we will be able to appropriately analyze the relative needs and make recommendations to Congress in conjunction with the FY 85 budget process.

C. Yes.

D. Yes. Existing federal facilities were considered and examined. However, because of the severely deteriorated condition of the Ramey Air Force Hospital, the space limitations and inaccessibility of the Roosevelt Road Navy Hospital, and the treatment limitations in the Ponce National Guard Dispensary and Ft. Buchanon Clinic, it would be inappropriate to rely on their use for meeting future veteran health care needs.

QUESTION 14.

Authorization for the Vet Centers, established by P.L. 96-22 and extended by three years by P.L. 97-72, expires on September 30, 1984. To assist with the transition of the program from store-front counseling centers to centers based in the VA Medical facilities, a Vet Center Study Committee has been planned. When can we expect the Committee to be established and operating? When is a preliminary report on the transition expected?

ANSWER 14.

The task force to plan the future development of the Vietnam era veterans readjustment counseling program has been established and met for the first time on February 11, 1983. A report outlining the recommendations of this committee is targeted for completion in June 1983. Further staff work to develop Department of Medicine and Surgery recommendations will follow. Agency decision will be ready for congressional review by Fall 1983.

QUESTION 15.

With regard to the medical facilities Maintenance and Repair program, it is my understanding that Senator Cranston received from the VA in December "informal estimates" that the total backlog of approved projects in this account is expected to be between $175 and $200 million by late FY 1983.

A) What is your present estimate of the total dollar level of this backlog -- including the $75.8 million request for FY 1984 -- as of the mid-point of the present fiscal year, i.e., March 1, 1983?

B) Please furnish in writing a complete, itemized listing of the individual projects comprising this backlog, including their location, the nature of each project, the cost of each, estimated FTEE involved, and projected completion date. Please indicate which projects are included in FY 1984 request. In addition, please furnish a listing of additional projects which will be ready to begin subsequent to March 1, 1983, including those that have been included in the FY 1984 request, broken down by fiscal year (for the years 1984 through 1986), in which the project could begin, FTEE involved, cost of the project, and aggregate cost per fiscal year.

ANSWER 15.

A. $230.8 million.

B. The attached listing provides the location, description and total cost. The FTEE for on-site construction labor associated with these projects we estimate to be 2 man years per $1,000,000 of total cost. The projected completion date would be on the average approximately six months after construction award.

The projects on the attached listings which indicate an approved status will be funded from FY 1984 funding. Additional projects to completely utilize the available FY 1984 funding will be selected before FY 1984.

Our procedures require those projects which are planned for FY 1985 to be submitted by September 30, 1983. The attached list of "PEND" projects provides our current inventory of M&R projects and those not funded in FY 1983 or FY 1984 will be available for FY 1985 in addition to all new projects submitted by medical centers between now and September 30, 1983.

[The above referred to "attached listings" may be found in the Committee's files.]

QUESTION 16.

I understand that there is a list of pending applications amounting to approximately $91 million for grants for construction of State extended care facilities.

A) What proportion of this pending list is due to the delays in action by States?

B) What other reasons account for the size of the list and the large unobligated balance estimated for FY 1984?

C) Per bed costs of VA obligations in this grant program range from approximately $4,715 per bed to $46,896 per bed. How do you explain this wide range?

ANSWER 16.

A. $7.2 million of the pending list represents projects for which FY 1982 funds were available but were not obligated. Some of the delay in obligation was caused by the FY 1982 Continuing Resolution. As a result, it was February 1982 before the VA could inform certain States that funds were available and a formal application should be submitted. These States then had to not only prepare the formal application but also had to obtain appropriation authority from their State legislatures.

B. The unobligated balance to be carried into FY 1984 includes $13.2 million which cannot be obligated in FY 1983 and must be carried forward because of the 1/3 limitation. The $2.7 million remainder of the unobligated balance is a reserve and an amount insufficient to fully fund the next project. The $91.1 million includes all applications and preapplications for which funds have not been obligated. Of this amount, $12.2 million is the balance of the planned obligations for projects for FY 1983; $13.2 million is for projects which cannot be obligated until FY 1984 because of the 1/3 limitation; and $65.7 million is for preapplications received from States for which funds are not available. If additional funds were appropriated, obligations could not be made until States could appropriate their share and submit formal applications. Since some State legislatures meet only every two years, there may be a large unobligated balance for a number of years.

C. The low per bed cost ($4,715) of VA obligation is for a grant awarded in FY 1969 when the VA participation was 50 percent. The high cost ($46,896) is for an award made in FY 1982 at 65 percent participation for the first phase of a project and includes areas to serve the second phase of the project. Comparable costs in the past two years have been $12,477 per domiciliary bed in a renovated building and $24,225 per bed for a new nursing home.

QUESTION 17.

Subsection (q), section 314 U.S.C. 38 provided as follows: "If the veteran is shown to have had a service-connected disability resulting from an active tuberculosis disease, which disease in the judgment of the Administrator has reached a condition of complete arrest, the monthly compensation shall not be less than $67". In 1968 § 314(q) U.S.C. 38 was repealed by § 4(a), P.L. 90-493, but all those in receipt of the "q award" at the time of the enactment of P.L. 90-493 had their benefit grandfathered. What does "a condition of complete arrest" mean? Can it include any residual lung damage which would decrease a veteran's ability to work? If these people in receipt of the "q award" were examined currently, would it be likely that any damage would be found resulting from their tuberculosis? How many in receipt of this benefit have been receiving it for 20 years?

ANSWER 17.

The term "a condition of complete arrest" is medically obsolete and is not used in modern clinical practice. (See the attached currently accepted Classification of Tuberculosis in which "arrested cases" would be category 4.) However, previously cases of tuberculosis were considered to be in "complete arrest" or "inactive" if the sputum cultures had been negative for a period of time, usually 6 to 18 months, and the chest x-ray was stable. There could be considerable lung damage due to previous disease as evident on chest x-ray and the case still be considered arrested if there had been no significant change in the x-ray for at least six months. Depending on the extent of disease and type of surgical therapy there may also be considerable derangement of pulmonary function as well. Many of those in receipt of the "q award", if examined today, would have evidence of past disease on chest x-ray and some would have decreased pulmonary function and disability. Some may have little if any evidence of past disease except for a positive tuberculin skin test. However, it must be pointed out that all are at increased risk of developing endogenous "reinfection" tuberculosis because the tubercle bacillus can remain dormant for many years. Much of the tuberculosis seen today in native-born Americans is in the elderly and represents breakdown of old disease or recurrence of an old infection because of diminished immune responses due to age, debility, disease or immune-suppressing drugs. The introduction of Isoniazid in 1954 and its use in combination with streptomycin and PAS marked the beginning of the chemotherapeutic era and changed the history of this disease, which was the chief cause of death in men 15 to 35 years of age prior to 1945.

As of September 1982, there were 27,978 veterans in receipt of special monthly compensation for arrested tuberculosis (the "q award"). In 23,978 cases, the tuberculosis was related to service during World War I, World War II, or the Korean conflict, and we can presume that these veterans have been receiving compensation at a rate no lower than the "q" rate for at least 20 years. In the 711 cases in which tuberculosis was related to Vietnam era service, the "q awards" can be presumed to have been in effect for less than 20 years. Regarding the 3,300 "q award" recipients who served during peacetime, determining the length of the award periods would require a review of each veteran's claims folder; however, we believe it is likely that a large percentage of this group served prior to World War II. Thus, we can state with relative certainty that more than 23,978 of the 27,989 veterans currently receiving special monthly compensation under the old section 314(q) have been receiving that rate of compensation (or higher) for at least 20 years.

CLASSIFICATION OF TUBERCULOSIS AND OTHER MYCOBACTERIAL DISEASES

Summarized from "Diagnostic Standards and Classification of Tuberculosis and Other Mycobacterial Diseases," American Thoracic Society, Medical Section of American Lung Association, 1981.

TUBERCULOSIS

0. NO TUBERCULOSIS EXPOSURE, NOT INFECTED (no history of exposure, reaction to tuberculin skin test not significant).

1. TUBERCULOSIS EXPOSURE, NO EVIDENCE OF INFECTION (history of exposure, reaction to tuberculin skin test not significant).

2. TUBERCULOUS INFECTION, NO DISEASE (significant reaction to tuberculin skin test, negative bacteriologic studies [if done], no clinical and/or roentgenographic evidence of tuberculosis).
   - CHEMOTHERAPY STATUS (preventive)
     - None
     - On chemotherapy since (date)
     - Chemotherapy terminated (date)
       - Complete (prescribed course of therapy)
       - Incomplete

3. TUBERCULOSIS: CURRENT DISEASE (*M. TUBERCULOSIS* cultured [if done]; otherwise both a significant reaction to tuberculin skin test *and* clinical and/or roentgenographic evidence of current disease).
   - LOCATION OF DISEASE
     - Pulmonary
     - Pleural
     - Lymphatic
     - Bone and/or Joint
     - Genitourinary
     - Disseminated (Miliary)
     - Meningeal
     - Peritoneal
     - Other

   The predominant site shall be listed. Other sites may also be listed. Anatomic sites may be specified more precisely.
   - BACTERIOLOGIC STATUS
     - Positive by
       - Microscopy only (date)
       - Culture only (date)
       - Microscopy and Culture (date)
     - Negative (date)
     - Not done
   - CHEMOTHERAPY STATUS
     - On chemotherapy since (date)
     - Chemotherapy terminated, incomplete (date)

   The following data are necessary in certain circumstances:
   - ROENTGENOGRAM FINDINGS
     - Normal
     - Abnormal
       - Cavitary or noncavitary
       - Stable or worsening or improving
   - TUBERCULIN SKIN TEST REACTION
     - Significant
     - Not significant

4. TUBERCULOSIS: NO CURRENT DISEASE (history of previous episode(s) of tuberculosis, or abnormal stable roentgenographic findings in a person with a significant reaction to tuberculin skin test, negative bacteriologic studies [if done], no clinical and/or roentgenographic evidence of current disease).
   - CHEMOTHERAPY STATUS
     - None
     - On chemotherapy since (date)
     - Chemotherapy terminated (date)
       - Complete
       - Incomplete

5. TUBERCULOSIS SUSPECT (diagnosis pending)
   - CHEMOTHERAPY STATUS
     - None
     - On chemotherapy since (date)

OTHER MYCOBACTERIAL DISEASES

Mycobacterial disease caused by (Organism)
- LOCATION OF DISEASE
  - Pulmonary
  - Pleural
  - Lymphatic
  - Bone and/or Joint
  - Genitourinary
  - Disseminated (Miliary)
  - Meningeal
  - Peritoneal
  - Other
- BACTERIOLOGIC STATUS
  - Positive by
    - Culture only (date)
    - Microscopy and Culture (date)
  - Negative
- CHEMOTHERAPY STATUS
  - None
  - On chemotherapy since (date)
  - Chemotherapy terminated (date)
    - Complete
    - Incomplete
- ROENTGENOGRAM FINDINGS
  - Normal
  - Abnormal
    - Cavitary or noncavitary
    - Stable or worsening or improving

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QUESTION 18.

The requested budget for FY 1984 includes increases for employee travel. Please provide an aggregate cost of employee travel for the Veterans Administration for FY 1982 actual, FY 1983 estimated and FY 1984 estimated. Show components of the aggregate to the organizational level of "service." Please show the proportions of these funds going to Central Office field visits, technical assistance, and other major categories of travel.

ANSWER 18.

Attached is a chart showing agency travel by department and staff office for the three fiscal years.

1a(1)

VETERANS ADMINISTRATION
AGENCY EMPLOYEE TRAVEL

	FY 1982 Actual	FY 1983 President Budget	FY 1983 Middle Column	FY 1984
Department of Medicine and Surgery:				
Medical Care	$11,644	$13,870	$13,970	$15,034
Medical & Prosthetic Research	1,096	1,675	1,669	1,727
Medical Administration and Miscellaneous Operating Expenses	7,028	8,343	8,345	8,862
Department of Medicine and Surgery	$19,768	$23,888	$23,984	$25,623
Construction	$851	$1,318	$1,263	$1,326
General Operating Expenses:				
Department of Veterans Benefits	$4,680	$5,119	$4,663	$5,554
Department of Memorial Affairs	211	200	230	250
Office of the Administrator	49	61	54	54
Inspector General	1,458	1,722	1,545	1,630
Contract Appeals Board	7	10	10	12
Board of Veterans Appeals	61	60	70	75
General Counsel	432	643	564	585
Associate Deputy Administrator for Congressional & Public Affairs	23	23	12	12
Congressional Affairs	---	1	1	2
Public & Consumer Affairs	36	36	37	50
Associate Deputy Administrator for Planning & Finance	1	1	7	7
Program Planning & Evaluation	43	89	89	94
Budget and Finance	126	170	167	193
Associate Deputy Administration for Information Resources Management	6	7	12	12
Reports and Statistics	23	26	31	38
Information & Regulations Staff	18	18	11	11
Data Management & Telecommunications	719	1,040	850	836
Associate Deputy Administrator for Logistics	4	4	7	7
Associate Deputy Administrator for Admin.	2	2	7	7
Office of Administration	47	40	52	54
Personnel and Labor Relations	447	584	486	541
Equal Opportunity Staff	55	78	28	110
General Administration	3,557	4,615	4,040	4,330
General Opeating Expenses	$8,448	$9,934	$8,933	$10,134
Total Veterans Administration	$29,067	$35,140	$34,180	$37,083

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QUESTION 19.

How are beneficiary travel funds distributed among VA facilities? What factors influence the total dollar amount of beneficiary travel funds expended at a VA medical facility? Are there uniform criteria by which decisions are made as to which veterans, under what circumstances will receive beneficiary travel? How much of the expenses charged to beneficiary travel is incurred by non-medical programs? Please list the programs.

ANSWER 19.

Beneficiary travel funds are estimated by VA field stations prior to the beginning of the fiscal year and included in the stations' total travel funding estimate. Within the total availability, funds are distributed to VA field stations based on their estimates. If any reductions are made in the total it is up to VA field stations to determine which beneficiary travel account(s) will be affected.

The only factor which influences the amount of beneficiary travel funds expended by VA medical facilities is the nature of the eligibility of the claimant. These are uniform criteria under section 111, title 38, United States Code, for use in determining a veteran's eligibility for beneficiary travel. These include criteria established by Public Law No. 96-151 and implemented by the VA on May 1, 1980.

All beneficiary travel fund expenditures by DM&S are directly related to medical care programs. The Department of Veterans Benefits Vocational Rehabilitation and Counseling program used $682,000 during 1982 for non-medical beneficiary travel. The estimated requirement for FY 1983 and FY 1984 is $800,000 each year for:

1. Travel for counseling and evaluation of eligible service disabled veterans applying for Vocational Rehabilitation or for full explanation and exploration of this benefit when application has been made for training assistance under other VA programs;

2. One-time travel to and from an approved training facility when necessary for the appropriate training to be obtained for a service disabled veteran;

3. Special travel allowances for service-connected veterans pursuing extended evaluation or training when needed because of excessive travel expenses stemming from the service-connected disability;

4. Necessary travel for successful vocational rehabilitation trainees to gain suitable employment at a distant location when it is unavailable locally; and

5. Travel for required counseling of eligible dependents (chapter 35 of title 38, United States Code) who are handicapped and in need of individual programs of special restorative or specialized vocational training programs.

QUESTION 20.

How many veterans are there today? What has caused your count to change lately? Are you using 1980 decennial census date yet?

ANSWER 20.

On December 31, 1982, the estimated veteran population was 28,475,000. Our estimates of the number of living veterans as of September 30, 1982, were adjusted downward in November to a level compatible with the combined estimates of veterans in the fifty states, the District of Columbia and Puerto Rico obtained from the 1980 Decennial Census. The veteran population estimates for September 30, 1982, totalled 28,522,000, about one and a half million lower than the estimates we had published six months earlier.

This decline in the estimated veteran population results primarily from adopting the state total veteran population figures for each state which were released in November to the Office of Reports and Statistics from the 1980 census. A second reason for the change is that these new veteran population estimates include only those ex-service personnel living in the U.S. and Puerto Rico. Due to a lack of sufficiently reliable data on veterans residing in other areas outside the U.S., estimates of the veteran population in these areas can no longer be calculated. Effective with the 1980 Decennial Census, the Bureau of the Census no longer collected information on citizens living abroad.

We are using the data on veterans which has been made available to us by the Census Bureau to the fullest extent possible; that is, we have adjusted our estimates of veterans by state to make them compatible with the total veterans in each state reported to us by the Bureau of the Census.

QUESTION 21.

In planning for cost-savings proposals in the outyears 1985 and 1986, the VA's proposed budget includes graduated reductions in compensation inflation increases for veterans rated 90 percent and below. How much is expected to be saved in FY '85 and '86 through this proposal?

ANSWER 21.

If enacted by Congress, graduated reductions in the cost of living increase would save $33.5 million in 1985 and $109.1 million in 1986.

Over 4 years the savings will grow to $618.1 million. Shown below is a comparison between the cost of a full cost of living and a graduated reduction.

(dollars in millions)

FY	COLA	Full COLA	Graduated COLA eff. FY 1985	Difference
1984	5.1%	$ 238.0	$ 238.0	...
1985	4.5%	696.2	662.7	$- 33.5
1986	4.6%	1,158.0	1,048.9	- 109.1
1987	4.6%	1,650.6	1,458.1	- 192.5
1988	4.5%	2,165.2	1,882.2	- 283.0
Total		$5,908.0	$5,289.9	$- 618.1

QUESTION 22.

Have your estimates of your $187,384,000 in supplemental requirements for FY 1983 changed since the FY 1984 budget was published? If so, how? Is it true that Agent Orange interagency agreement funds and Minneapolis hospital construction funds will be included in the 1983 supplemental? If so, please elaborate on the reasons and delineate the specifics of the request. Please mention any other changes and their amounts.

ANSWER 22.

Our proposed supplemental appropriation request for FY 83 has not been changed since the FY 84 budget was published. The aforementioned amount of $187,384,000 represents only our request for increased pay costs authorized by law for FY 83. An additional $2,280,000 is in our supplemental appropriation request for the Medical Care Account to fund additional positions needed to strengthen the affiliation of the Meharry Medical School with the VA Medical Center, Murfreesboro, Tennessee. Thus, our total supplemental appropriation request for FY 83 is $189,664,000. Funding for the Agent Orange interagency agreement and the construction of the VA Medical Center, Minneapolis was not included in our FY 83 supplemental appropriation request. Funding for the Minneapolis construction project is requested in our FY 84 submittal. We anticipate that funding for the Agent Orange agreement to be accomplished through a budget amendment.

QUESTION 23.

With regard to the proposal to terminate advance payments of educational assistance, CBO has estimated that the only significant cost savings resulting from this proposal would occur in FY 1984 -- in the net amount of $13.8 million -- and that these savings would result simply from shifting obligations from one fiscal year into the next, in such a way, as CBO puts it, that "total benefit costs over time would not be changed." The net cost impact in the out-years would be negligible -- according to CBO, a savings of $200,000 in FY 1985, and a net increased cost in FY 1986 of $600,000.

A) Do you have any substantial disagreement with the CBO figures? If so, please explain the basis for it.

B) In light of the fact that the CBO figures do reflect the net effects of the contemplated reduction in overpayments, and in view of the substantial inconvenience that may be expected to result to eligible veterans as they seek to arrange for alternate means of meeting the up-front expenses at the start of the school term, it might be argued that the hardship imposed is more real than the likely cost savings over the years. What justification does the VA offer for this proposal that would meet these concerns?

ANSWER 23.

A. The VA's estimate of the savings of this proposal is $15.6 million in 1984, with a net increase in cost of $500,000 in 1985 and $1,200,000 in 1986. For the three years, our estimate of savings is $13.9 million versus a CBO estimate of $13.4 million. This difference does not appear to be significant. Like CBO, the VA's cost estimate reflects that the first year savings results primarily from the shifting of obligations into 1985. In addition, we also have given consideration to the reduction in overpayments that would result from this proposal.

B. The Congress has mandated that the Veterans Administration take meaningful steps to reduce and eliminate overpayments to the degree possible. The Administration, in compliance with this concern, has looked at program areas wherein the problems arise. We believe the repeal of the authority permitting evidence payments would assist in reducing these education overpayments.

Overpayments occur when veterans receive an advance payment of benefits and then do not pursue their program, drop out of the course within a short period after commencing the program, or reduce the rate of pursuit, thereby being overpaid by the full advance payment or a significant portion thereof. We believe the serious concern for overpayments outweighs the inconvenience which would result in some cases. We feel most serious students will seek alternative funding to meet up-front expenses at the start of the school year.

QUESTION 24.

In the 91st Congress, the VA first submitted draft legislation to propose what is now the advance payment provision. I would call your attention to the VA's arguments, set forth in a January 26, 1971, letter from the Administrator to the Vice President, that "the amount which he is required to pay (prior to commencement of classes or shortly thereafter) often will deter the veteran from entering training because his initial outlay will drain off his available funds", and that the purpose of the proposed advance payment provision was to aid the veteran "at the time of his greatest need". Please explain in the requirements of educational institutions or in the resources available to eligible veterans -- since the 91st Congress so as to justify a retreat from the VA's earlier position on this issue.

ANSWER 24.

The rationale applicable 21 years ago does not necessarily apply now. The mean age of the veteran population participating under the noncontributory education program has substantially risen. Today, the veteran-student is a married person possibly with one or two incomes available to aid the student to meet his or her school expenses. In addition, the increased costs associated with education have necessitated the development, by educational institutions, or financial aid packages to see students through the school year.

QUESTION 25.

Please furnish a detailed update of the impact on correspondence training usage of the reductions, in recent years, of the reimbursement rate from 90% to 70% to 50%. What is the completion rate among veterans who take correspondence training? Among those who do complete their training, what is the rate of employment in the field of training? How have these figures been affected by the reduction in the reimbursement rate? What percentage of correspondence usage is among active-duty military?

ANSWER 25.

The GAO report published in August of 1979 showed completion rates for veterans and servicepersons taking correspondence training through calendar 1976 overall less than 50%. According to that study, only about 34% of correspondence-trained veterans have full-time jobs directly related to their training. Data are not available to plot completion rate or employment since the legislative changes to the rate of reimbursement. Among active-duty military, current correspondence usage represents about one-third of the total correspondence usage.

Chapter 34 Correspondence	FY 82	FY 81	FY 80	FY 79
Veterans	13,924	21,597	24,374	28,585
Servicepersons	7,191	13,252	17,728	22,798
TOTAL	21,115	34,849	42,102	51,383

QUESTION 26.

How are you distributing your reductions in FTEE?

ANSWER 26.

A projected distribution of the FTEE reductions is as follows:

Average employment (FTEE)	1983 Current Estimate	1984 Current Estimate	Change 84 vs 83
Executive Direction	429	425	-4
Veterans Services	2,745	2,620	-125
Compensation, Pension & Education	4,456	4,294	-162
Loan Guaranty	2,054	2,025	-29
Insurance	483	480	-3
Vocational Rehabilitation & Counseling Service	630	620	-10
Office Services	4,026	3,940	-86
Total	14,823	14,404	-419

QUESTION 27.

What other options besides correspondence training are open to house-bound veterans, or widows with small children, or people in geographically remote areas to use their educational benefits?

ANSWER 27.

In lieu of correspondence training, independent study programs provide an available option. Servicepersons in remote geographic areas may wish to explore education programs afforded by the military services with their base education officer.

QUESTION 28.

Concerning the proposal to terminate advance payments of educational benefits:

A) Of the veterans eligible for advance payment under section 1780(d) what percentage apply for it?

B) Of those applications that are made, what percentages are allowed? (Please relate these percentages to actual numbers.)

C) What percentage does this represent of all veterans currently using educational benefits?

D) Do most schools offer a financing plan veterans could avail themselves of alternatively?

E) How much interest is typically charged for such financing arrangements?

F) How many people abuse the privilege of receiving payments in advance so that overpayments occur?

ANSWER 28.

A. Of approximately 676,000 veteran eligibles in FY 1982, advance payments represented about 14%. There are no data on number applying or number not accepted for whatever reason (e.g. applied too late; school will not service payment).

B. See answer to subdivision (A).

C. See answer to subdivision (A).

D. Many schools offer students financial aid packages.

E. The interest rates charged students by schools is not available to us.

F. It is estimated that 10% of the advance payments made during the year result in overpayments.

QUESTION 29.

How much did the VA pay last year for transportation charges incurred because a death of a veteran occurred while under VA care?

ANSWER 29.

Under the current accounting system transportation costs are included in the overall cost of the basic burial allowance. Of the $62.2 million spent for burial allowances (basic and service-connected) in 1982, it is estimated that over $4.7 million was for transportation cost. This included the cost of transporting nearly 46,000 veterans whose deaths occurred while under VA care.

QUESTION 30.

How much money has been received into the Treasury since the user fee was enacted?

ANSWER 30.

Approximately $6.5 million in funding fees has been collected through December 1982.

QUESTION 31.

Please provide a copy of the Harris Poll contract let on the future needs of veterans.

ANSWER 31.

Copy of the contract (including RFP) is available in the committee's office files.

QUESTION 32.

Are you rethinking pay policies for on-the-job and apprenticeship training programs in light of the GAO's recommendation that they be changed?

ANSWER 32.

There is at present no plan to change pay policies for on-the-job and apprenticeships.

QUESTION 33.

You proposed to save $223,000 by ending the 50% rule through P.L. 97-306. Have contracts with the state approving agencies been reduced accordingly, or how did you save the money? Have you detected any problems with the quality of approvals subsequent to the repeal of the rule?

ANSWER 33.

SAA contract funds were reduced from $14.5 million in FY 1982 to $13.228 million for FY 1983 but this is not related to the ending of the 50% rule. The savings here are in the elimination of processing voluminous reports by institutions and the elimination of this review in our visits to educational facilities. Also, we have eliminated costs of printing and storage of forms associated with this requirement. The repeal of the 50% rule has not affected the quality of approvals.

QUESTION 34.

How much has been spent on the two-year extension of the delimiting period for Vietnam veterans to use their GI Bill benefits for vocational or on-the-job training or secondary schooling? In this regard, please explain the meaning of "annualized figure" in the VA's FY 1984 budget document.

ANSWER 34.

Through September 1982, it is estimated that $1.9 million has been spent for 1,289 veterans training under the extension of the delimiting period. The term "annualized figure" is used in conjunction with the chart on page 1-27 of the Congressional Budget. This chart provides a bridge between one year's obligations and the next. Since the delimiting date extension was not in effect for the entirety of 1982, but is in effect for the entirety of 1983, an annualization factor must be used to bridge from one year's obligations to the next. In this case, it is 25% representing the three extra months this legislation will be in effect during 1983. The $6.6 million shown in the chart represents one quarter of the estimated expenditure in 1983. We anticipate 1983 expenditures of $26.5 million for 13,600 veterans training under this program.

QUESTION 35.

What are the plans for the vocational rehabilitation pilot program for independent living enacted in P.L. 96-466? What amount of its funding has been spent so far? Are there still about 70-100 participants?

ANSWER 35.

Seventy veterans qualified for the pilot program of independent living services during FY 1982. As of January 15, 1983, an additional 42 veterans had been approved. Of these 112 approved candidates only 7 have terminated, leaving a total of 105 active participants. We anticipate approving a total of 100 veterans during each of FY 1983 and 1984.

There was no specific appropriated amount for the pilot program of independent living services and all payments for services are made from the Readjustment Benefits Appropriation. We are in the process of collecting actual cost figures to be used in the preparation of the 1984 report to Congress mandated by section 1502 of the law. At this time we have cost estimates for 75 of the approved candidates. This data estimates an average two year expenditure per veteran of $18,682. Of this amount, $11,450 is for program costs and $7,232 is for subsistence.

QUESTION 36.

Please elaborate on your personnel needs vis-a-vis your projected dollar level of sales. Are you prohibited from performing high quality work by a lack of FTEE?

ANSWER 36.

Sales are projected at $685 million in FY 1984, an increase of $55 million or 9% above the FY 1983 level. Eleven FTEE are needed to service this projected increase. Current operational levels are inadequate at two depots with particular emphasis placed on the increase in Other Government Agency customers from approximately 700 to more than 4100. Eighteen FTEE are needed to implement the Federal Supply Schedule responsibility transferred from the General Services Administration, improve commodity management, develop regional contracting processes, increase field reviews, and institute procurement training. Although unrelated to sales, they are part of the overall Supply Fund workload.

QUESTION 37.

Provide specific evidence of increased cost-effectivness and productivity based on actions taken as a result of internal review and recommendations.

ANSWER 37.

At the Sommerville depot, 17 positions were abolished as a result of internal review without impairment to the central distribution system. Savings were in excess of $183,000.

In FY 1982, as a result of internal realignment, the Marketing Center was able to contract for $844 million in supplies and equipment as opposed to $635 million in FY 1981. The number of procurement line items increased 7%; however, the FTEE used to service this increase in workload remained constant over the two year period.

In the productivity area, we have increased the number of Commercial Item Descriptions three-fold. We have completed over 50% of currently identified product descriptions and inspection criteria.

QUESTION 38.

What steps have been taken to eliminate duplication in the testing of certain items when independent testing is being done by private industry or other Federal agencies?

ANSWER 38.

The VA Marketing Center currently has an interagency agreement with the Department of the Army. We exchange testing and evaluation information monthly and send to each other copies of testing results. We also exchange information with the Air Force and Navy on an informal basis; both are one man operations. We subscribe to the Emergency Care Research Institute (ECRI), a private company in Philadelphia. We have an informal agreement with them and exchange information on tests. We do not duplicate testing when results are available to us.

QUESTION 39.

On December 7, 1982, the Justice Department advised the VA and OMB that the VA does have statutory authority to take administrative action to limit beneficiary travel reimbursement beyond present reimbursement practice. Even though the VA has a history of strong support for beneficiary travel restrictions - such as in the five dollar-deductable legislation proposed in 1981 and the administrative restrictions proposed last year - it is my understanding that there are at present no plans in the VA for carrying out its newly-confirmed administrative authority in this regard.

a. What is the VA's present rationale for declining to proceed administratively to restrict beneficiary travel reimbursement?

b. Does the VA continue to support legislative action in this area? If so, how is such a position reconciled with a reluctance to proceed administratively?

ANSWER 39.

a. We do not agree that the VA has declined to proceed administratively to restrict beneficiary travel reimbursement. Previously, the VA has administratively limited beneficiary travel by: (1) holding stable the rates at which such reimbursement is made; (2) by construing the phrase "unable to defray the expenses of" contained in section 111(e)(2)(A) of title 38 as being synonomous with annual income levels for pension under section 503 of title 38; and (3) by limiting medical beneficiary travel reimbursement to travel expenses for: service-connected treatment; treatment for a nonservice-connected condition of a veteran rated 50 percent or more service-connected disabled; pension recipients under section 521; and those whose annual income does not exceed the maximum annual rate of pensions. See 38 U.S.C. § 111(e)(2)(A).

The program of beneficiary travel is constantly being renewed by the VA vis-a-vis its priority relative to other VA programs. While we recognize that beneficiary travel may not, in the judgment of some, be considered on a priority level of direct patient care, the VA does wish to ensure that all ramifications are fully considered before it effectuates changes, if any, reducing the benefits of our highest priority veterans, our poorer veterans, or those in need of vocational rehabilitation.

b. The VA is not presently aware of any legislation that has been introduced proposing changes in this area. VA support or opposition to any such possible legislation is, of course, dependent upon the specific proposals made and the VA's being afforded a full opportunity to review and analyze any such proposal.

QUESTION 40.

With respect to the $91 million dollar budget request for beneficiary travel in FY '84, will you please furnish to the committee a breakdown of this figure according to the basis for reimbursement - i.e. whether the claimant has a service-connected disability, is in receipt of pension, or is unable to defray the costs of travel. Also please specify the portion of this total amount which is attributable to cases of medical emergency. In addition, please identify the total amount paid to service-connected disabled veterans in connection with treatment of a non-service connected condition.

ANSWER 40.

It is estimated that the approximate breakdown of beneficiary travel expenditures for FY 84 will be as follows:

-Claimants with a service-connected disability	52.0%
-Claimants in receipt of VA pension	24.6%
-Claimants unable to defray the costs of travel	23.4%

We collect no data which reflects the amount of beneficiary travel expenditures attributable to cases of medical emergencies. However, it is estimated that ambulance transportation accounts for approximately 11 percent of total beneficiary travel expenditures. We collect no data which reflects the total amount paid to service-connected disabled veterans in connection with treatment of a nonservice-connected condition.

QUESTION 41.

In 1981, you provided me with tables illustrating the cost avoidance ramifications of deductables ranging between $1 and $100 for non-service-connected beneficiary travel. I would appreciate some updateof those figures - in particular, the distribution of the total claims filed according to the dollar amount of the claim for each dollar increment between $1 and $10, for both service-connected and non-service-connected claims, and a corresponding listing of the cumulative cost avoidance at each level. If there is any reason to believe that the proportion of service-connected, service-connected with non-service-connected condition, and non-service-connected claimant is different from the overall proportion reflected in your answer to the previous question, please state such reasons and specify the way in which the proportions differ. Please include a separate cost avoidance figure at each dollar level for the estimated administrative and FTEE costs of processing the claims below that level.

ANSWER 41.

The percentage distribution of beneficiary travel expenditures previously provided in 1981 continue to reflect current distribution of claims. The distribution of claims according to dollar amounts by service-connected and nonservice-connected expenditures anticipated for FY 1984, as well as the cost avoidance are provided in the attached tables. Available data indicate 52 percent of beneficiary travel expenditures are for service-connected veterans and 48 percent for nonservice-connected veterans. The amount of travel paid to service-connected veterans in connection with treatment for nonservice-connected disabilities is not available. The attached tables account for 73 percent of anticipated beneficiary travel expenditures. The remaining 27 percent are travel claims which exceeded $10. Cost avoidance figures provided are based upon FY 1984 beneficiary travel allocation of approximately $91 million. Assuming that there is no yearly deductible limit, i.e., the deductible is applied for every claim, the administrative cost would continue at approximately the current level.

Service-Connected Cost Avoidance

Deductible Range $	Percent of Total Claims	Avoidance	Cumulative Avoidance
1	14	6,624,815	6,624,815
2	12	5,678,413	12,303,227
3	8	3,785,609	16,088,835
4	9	4,258,810	20,347,644
5	6	2,839,206	23,186,850
6	6	2,839,206	26,026,056
7	6	2,839,206	28,865,262
8	3	1,419,603	30,284,865
9	5	2,366,005	32,650,870
10	4	1,892,804	34,543,674

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Nonservice-Connected Cost Avoidance

Deductible Range $	Percent of Total Claims	Avoidance	Cumulative Avoidance
1	14	6,115,214	6,115,214
2	12	5,241,612	11,356,826
3	8	3,494,408	14,851,234
4	9	3,931,209	18,782,443
5	6	2,620,806	21,403,249
6	6	2,620,806	24,024,055
7	6	2,620,806	26,644,861
8	3	1,310,403	27,955,264
9	5	2,184,005	30,139,269
10	4	1,747,204	31,886,473

QUESTION 42.

If the notion of a deductible were to be combined with an annual dollar limit on out-of-pocket beneficiary travel deductible payments by any veteran, what would be the effect on administrative costs? Woudl there be any reduction - or would the out-of-pocket limit require the same level of scrutiny of claims that is presently applied, in order to ensure that the limit is reached only through deductibles on otherwise valid claims?

ANSWER 42.

The imposition of a deductible with an annual dollar limit on a veteran's out-of-pocket expenses would result in increased administrative costs. Records would have to be maintained to determine when a claimant has reached the dollar limit on out-of-pocket expenses. In some areas, where there are several VA facilities in close proximity, a central computerized record system may be required since the veteran could conceivably receive treatment at more than one facility.

There would be no reduction in the scruting of claims.

QUESTION 43.

The VA's Vet Center Program is an important activity targeted to Vietnam-era veterans. Yet, the Vet Center Program is not a line item in the budget.

A) How much are you requesting to fund this activity for FY 1984?

B) In previous years, the Committee understands there was a risk that approximately $8-10 million might lapse due to difficulties in contracting for outreach centers. Do you expect this problem to happen again this year? What have you done to solve the problem?

C) How many Vet Centers currently are operating? How many additional Vet Centers do you anticipate opening this year?

D) A provision in P.L. 97-72 requires an orderly transition to provide readjustment counseling services in facilities already operated by the VA for the provision of other health-care services by September 30, 1984. What plans do you have to implement this requirement? Is special consideration being given to rural or isolated areas which may not be near a VA health-care facility?

ANSWER 43.

A. $31.4 million dollars is being requested for FY 1984.

B. The contract for fee-basis program is being monitored on a daily basis. Funds are in the field and approximately four hundred contracts have been approved. We have also revised the instructions to our field stations to facilitate easier implementation of the program from a budgetary and management level. Thus, we do not expect a reoccurrence of the past experiences.

C. We presently have one hundred thirty six Vet Centers in operation. There are no formal plans in place to augment our existing Centers.

D. As indicated earlier, we have a planning Task Force that is actively studying this issue of an orderly and timely phase-in of the Readjustment Counseling Program. The questions associated with rural outreach, likewise, are being studied.

RESPONSE OF THE VETERANS' ADMINISTRATION TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

QUESTION 1:

The Administration's FY 1984 budget proposes to save a total amount of almost $16.2 million by eliminating the authority for advance payment of GI Bill educational assistance allowance--$15.6 million in benefit payments and $553,000 in general operating expenses. I have a number of questions relating to this proposal.

A. What savings are projected in fiscal years 1985 through 1988 from the enactment of this proposal?

B. What is the effective date you are proposing for this termination of advance payments?

C. (i) How much of the projected FY 84 savings represents benefit savings achieved because overpayments would be avoided and how much represents savings in general operating expenses because collection actions would therefore not be necessary?

(ii) How much of those FY 84 savings are attributed to the fact that benefits that would otherwise be paid in FY 84 by way of advances would, under your proposal, be paid in FY 85, instead?

(iii) What, if any, portion of the estimated savings results from the fact that some veteran-students (if so, how many) would be discouraged or actually prevented from beginning or continuing to pursue training because they would have difficulty meeting expenses without receiving advance payments?

(iv) Please provide a detailed analysis of the source of all savings that would be achieved through this proposal.

ANSWER:

A. In fiscal years 1985 through 1988 this proposal will actually result in a net increase in requirements for the Readjustment Benefits account. There would however be administrative savings in all years. The following chart shows these increases and savings (dollars in thousands):

Fiscal Year	Benefits Increases	Administrative Savings
1985	$ 500	$-433
1986	$1,200	$-361
1987	$1,300	$-306
1988	$1,300	$-259

B. An effective date of October 1, 1983, is being contemplated for this legislation.

C. (i) Of the $15.6 million in benefit savings in 1984, it is estimated that $3.4 million results from the avoidance of overpayments. None of the administrative savings are tied to a decrease in collection activity.

(ii) Of the $15.6 million in benefit savings in 1984, it is estimated that $12.2 million results from benefit payments being shifted into 1985.

(iii) None of the anticipated savings result from any veterans not training as a result of this proposal.

(iv) The $15.6 million savings in benefit payments in 1984 consist of $3.4 million in reduced overpayments and a shift of payments of $12.2 million into 1985. The $553 thousand savings in administrative costs result from a reduction in employment of 14 staff years at a savings of $269,000 and a reduction of reporting allowance payments of $284,000, since payments for these veterans would be reduced from $11 to $7.

QUESTION 2:

In a hearing of the House Appropriations Subcommittee on HUD-Independent Agencies last week, VA General Counsel John Murphy testified that there is a backlog of 125,000 debt collection cases in the General Counsel's Office.

A. Is this correct?

B. Would you please describe for the record the status of these cases in terms of the stage they are at and the next step to be taken?

C. How long do you anticipate it will take to clear out these backlogged cases?

D. Please provide more detail for the record on this situation and the specific steps that will be taken to deal with the backlog.

E. In response to questions I submitted in connection with your confirmation hearing, Harry, you stated that you felt that staffing and resources were adequate to carry out the debt collection program. Do you continue to believe this is the case?

ANSWER:

A. The 125,000 figure represents the approximate number of cases on hand at the end of the FY 82. The number has risen during the past 4 months and presently is 147,500.

B. The Office of General Counsel does not have a nationwide automated tracking system, thus, we are unable to ascertain exactly the status of each case at any one particular time. However, we can say that some of the cases are in litigation, or judgments have been taken. Also, many of these cases are in the letter writing or enhanced locator status by the District Counsel. And, a number of these cases are in current repayment plans.

C. Due to some recent developments we are unable to estimate with accuracy what the normal flow of cases to the District Counsel will be. For example, the VA recently reactivated several hundred thousand cases from terminated status, which are in various stages of referral, and may distort the number of new cases received for a few months until they are fully integrated into the system and the referrals return to a normal level. At the present time there are more cases being referred to the General Counsel's office than are being closed. We are hopeful that the implementation of interest charges and referral of delinquent debts to consumer credit reporting agencies to affect the debtors' credit will greatly assist in reducing the number of instances where a debt must be referred for judicial collection action. If these procedures are effective when they begin later this year, we would expect to see a reversal in the upward trend of the existing backlog by the end of the fiscal year. How much the reduction will be would be very speculative at best.

D. The General Counsel maintains very close control over the collection program being carried out by the District Counsels. Each District Counsel's performance for Merit Pay purposes includes achievement of an acceptable level of dispositions with respect to cases referred for litigation. In addition, the individual offices' programs are reviewed monthly through reports, and during annual visits to each office. Constant information and training materials are supplied to the District Counsels through conferences, publications and verbal communications to assure that the maximum effort is made to keep the number of cases on hand at a minimum while assuring that appropriate action is taken on all cases referred.

E. Yes. Debt collection is one of the priority issues. When discussing whether resources are adequate for debt collection, I must weigh the program demands for resources as they compete with other high priority items.

QUESTION 3:

A. What level of funding is proposed for the readjustment counseling program for F.Y. 84?

B. How many FTEE will be allocated to this program in FY 84?

C. How many vet centers will these resources support?

D.(i) What portion of these funds will be devoted to fee-for-service readjustment counseling?

(ii) Are you satisfied that a mechanism for awarding these contracts exists now that will permit you to make good and full use of these contract funds?

(iii) When will you submit to us your estimate of how much of the FY 1983 appropriation of $11 million for fee counseling will not be able to be utilized for that purpose and how you propose to reprogram it?

ANSWER:

A. $31.4 million dollars.

B. 552 FTEE is currently projected for utilization in FY 84.

C. These resources will support 136 centers in addition to regional office personnel.

D.(i) $11 million dollars.

D.(ii). We have sent instructions to the field requiring active monitoring of the fee-basis contracting program. Special emphasis has been placed on local, regional, and national management.

D.(iii). Our overall utilization of the FY 1983 appropriation of $11 million for fee counseling is presently under review. We will promptly notify this Committee when our review is completed.

QUESTION 4:

I note that the FY 84 budget requests $258,000 for cost-comparison studies of contracting out services in the Department of Medicine and Surgery under OMB Circular A-76. On page 5-15 of your budget documents, you state, "This increase will bring the total level of resources for A-76 studies to $758,000 in 1984."

A. What is the source of the other $500,000 that you plan to spend for these studies in FY 84?

B. Please describe the categories of activities you plan to study for contracting-out purposes in FY 84 and indicate the number of studies you plan to make of each category of activities?

C. Are any projected cost-savings relating to contracting out under A-76 reflected in the FY 84 budget?

ANSWER:

A. We are not requesting an increase of $500,000 for FY 84. The requested total amount is as stated on page 5-15: $758,000. This will represent an increase of $258,000 over the FY 83 planned expenditure level of $500,000. The source of funding for all A-76 studies will be the Medical Care Appropriation.

B. Although these plans are not formulated completely at this time, we will focus our attention on nonmedical care functions such as grounds maintenance, snow removal, landscaping, and transcription services, and these studies will be restricted to our larger, metropolitan medical center locations. The actual number of studies to be accomplished is not established at this date.

C. No.

QUESTION 5:

Compared to FY 83, the proposed FY 84 budget includes a reduction for contract hospital care of $2.8 million achieved through implementation of administrative procedures to reduce the need for contract care. Specifically, what procedures will be implemented to achieve these savings?

ANSWER:

The FY 84 contract hospital budget anticipates a reduction in census of 29, with a corresponding savings of $2.8 million. This reduction in census is based on Central Office initiatives developed from the monitoring of public and private contract hospitalization during FY 83.

In the past, VA policy provided for the total payment of the costs of contract hospitalization where unauthorized claims were approved. In FY 84, payment of these claims will be limited to the period during which an emergency existed which would have made transfer to an available VA hospital medically inadvisable.

Authorizations for continued psychiatric care based on a contention that the veteran's medical condition precludes transfer will no longer be routinely approved. Those cases where psychiatric patients cannot be medically stabilized for transfer within 72 hours are extremely rare.

Authorizations for psychiatric care based on State Mental Health laws which do not permit admission or transfer to the VA pending court action will no longer be granted. Where a VA bed is available, the VA will not assume responsibility for private or public care.

Authorizations for continued public or private care based on the unavailability of the private attending physician for information or consultation have been excessive. In those cases where private attending physicians make themselves unavailable, or otherwise fail to respond to inquiries for medical information, VA authorization for care will be terminated.

QUESTION 6:

I am pleased to see that the proposed budget includes $420,000 and 15 FTEE to establish an additional spinal cord injury home-care program. Where will this be located?

ANSWER:

Eleven of the nineteen SCI centers already have ful' funded home care units. The centers at East Orange and .eland had not been funded up to now and will be with additional resources requested in the FY 84 budget.

QUESTION 7:

In the vocational rehabilitation and counseling service, I note that the FY 83 budget estimate for average employment has been revised from 681 to 630--a drop of 51 FTEE--and that the FY 84 average employment estimate is 620, an additional reduction of 10 FTEE from current FY 83 estimates. At the same time, as page 16-30 of the VA's budget documents shows, there does not appear to be any appreciable drop in workload.

A. Why do you believe that this reduced 620 FTEE will be sufficient to carry out your responsibilities in this area?

B. How do you plan to be able to sustain the same caseload with fewer FTEE?

ANSWER:

We believe the level of funding and staffing set in the FY 1983 and FY 1984 budgets will permit adequate implementation of the initiatives mandated by Public Law 96-466 while sustaining service delivery levels. Services will continue to be targeted to more seriously disabled veterans. Some delays may be experienced in providing services to the less seriously disabled and to veterans and beneficiaries requesting counseling services under chapters 32, 34 and 35. While reductions in FTEE for FY 1983 and 1984 could have some impact on VR&C's ability to provide direct placement services, it is anticipated that this will be offset by our recent success in improving coordination with the employment assistance activities of the State Employment Services, the Disabled Veterans Outreach Program of the Department of Labor and various other community resources. In FY 82, an extensive mailing was undertaken to inform service-connected veterans who have not used chapter 31 or 34 entitlement of the services and assistance available under chapter 31. The planned reductions in staff will require a continued use of mail and telephone contacts as opposed to the use of personal visits to motivate potentially eligible veterans to apply for chapter 31.

As of January 31, 1983, VR&C Service's average employment was 627, three FTEE under the budget estimate for FY 1983. Positive steps have been taken to improve overall management. Ongoing program monitoring and oversight will identify and rectify inconsistencies in program operation and will result in more effective use of personnel resources. Additionally, the automation of VR&C functions through full implementation of chapter 31 on TARGET will free up professional staff time for increased face-to-face service delivery, and allow us to sustain the projected workload with available resources.

QUESTION 8:

On page 16-15 of the budget documents, substantial decreases in average employment are shown for veterans services in both FY 83 and 84. How do you explain the decreases from the original FY 83 budget estimate of 2,745 and to the FY 84 estimate of 2,620 in light of the proportionately much smaller decrease in the workload estimate shown on page 16-16?

ANSWER:

We recognize that the anticipated staffing reductions will result in some decrease in workload accomplishments. This was taken into consideration in the development of our workload projections.

We will monitor the actual workloads against estimates and if wide variances occur which result in drastic diminution of services we will request additional assistance for the program.

QUESTION 9:

Page 16-19 of the budget documents shows decreases in average employment for the administration of VA compensation, pension, and education programs.

A. What is the justifications for the 406 FTEE decrease from the original FY 83 budget estimate of 4,862 to the current FY 83 estimate of 4456 and the decrease of 130 FTEE from the FY 83 current estimate to the FY 84 estimate of 4,326?

B. (If workload reductions are the answer) Please describe how specific workload reductions in each program translate into the specific FTEE reductions you have proposed.

ANSWER:

The reductions applied relate to the estimates of reductions in compensation, pension and education claims processing. If the estimates materialize, the staffing allowed should deliver benefit services at an acceptable level. Any drastic change in workload will cause immediate review and, if appropriate, requested adjustment in staffing levels.

QUESTION 10:

Dr. Custis, the FY 84 medical care account budget shows a $4.9 million and 190 FTEE increase for the conversion of 12,342 beds to the unit dose system in 1984. Last February, in response to questions submitted in connection with this Committe's budget hearing, you stated that the increase of 100 FTEE proposed in the 83 budget would support the conversion of only 3,460 beds rather than the 14,968 beds that had been projected in that budget. Will 190 FTEE in FY 84 be sufficient to convert roughly 12,000 beds to unit dose?

ANSWER:

The 190 FTEE for FY 84 will be sufficient to only convert approximately 5,500 beds. The additional beds to make up the 12,342 beds planned in FY 84 would be converted through alignment of resources, if available, from within our medical care appropriation. This will require realignment of 242 FTEE and $6,302,000 to convert 12,342 beds in 1984.

QUESTION 11:

Dr. Custis, I noted that no increase was recommended for the hospital based home-care program in the FY 84 budget.

A. What is the size -- in terms of dollars and total visits per year -- of this program at present?

B. I have been impressed that this program is able to help veterans, at an average cost of only $15.73 per patient day, to avoid institutionalization. Why are there no plans for expanding this program in FY '84?

C. (i) What priority do you attach to this and other programs which can postpone or alleviate the need for institutionalization?

(ii). What plans do you have for expanding such programs in FY '84 and later years?

ANSWER:

A. The VA presently operates 30 Hospital Based Home Care (HBHC) Programs nationwide and maintained an average daily census of 1,689 patients through 144,101 visits in FY 1982. The program costs were:

	$ (in thousands) FY 1982
Personal Services	7,192
All Other	1,201
TOTAL	8,393

B. For FY 1983 plans are being completed for the activation of twelve new Hospital Based Home Care Programs on April 1, 1983. The total estimated costs, including the thirty existing teams are:

	$ (in thousands) FY 1983
Personal Services	8,356
All Other	1,554
TOTAL	9,910

C. (i) DM&S believes that the program has been effective in maintaining patients in the community. Reviews by the Joint Commission on Accreditation of Hospitals, as well as by our Systematic External Review Program have shown that the program provides quality and effective health services. The program has experienced considerable success in caring for patients with a malignant neoplasm.

(ii) If resources permit, we will increase the program by twelve teams during FY 1984. The total estimated costs, including the thirty existing teams and the twelve teams to be activated in 1983, are:

	$ (in thousands) FY 1984
Personal Services	11,215
All Other	2,467
TOTAL	13,682

By FY 1987, plans are to activate 21 more programs for a total of 75 programs with the capability of maintaining an average daily census of 3,645 patients through 303,240 home visits per year.

QUESTION 12:

A. In the FY '83 budget, total fee-basis medical outpatient visits were estimated at 2.1 million for FY '83. In your FY '84 budget documents, however, this estimate for FY '83 has been reduced by 238,000 visits -- to 1,862,000 visits -- and the estimate for FY '84 is another 84,000 visits below that. How do you plan to accomplish these reductions in fee-basis outpatient care?

B. I note a similar situation with respect to the outpatient fee-basis dental program. The FY '83 budget estimate of 60 million visits has been revised to 52 million visits -- a reduction of 8 million visits -- and the FY 84 budget estimate represents a further reduction of 5.5 million dental fee visits. How do you plan to accomplish these reductions in fee-basis dental care?

ANSWER:

A. Reductions in fee-basis outpatient care have already been accomplished by implementation of improved, computer-assisted procedures to monitor the need to continue such care previously authorized. Also, opening new outpatient clinics reduces the fee-basis requirements. Further reductions will be accomplished by new policies now being considered. Among these policies is the requirement that each facility authorized to provide fee-basis outpatient care establish a new advisory group to assist the facility's director with the management of this program to insure the provision of appropriate care for the medical needs of veterans eligible for fee-basis outpatient care with the resources available. Another proposed policy will be that VA physicians develop a treatment plan, with a specified number of visits over a specified period of time, for each veteran who is authorized a new episode of fee-basis outpatient care. Implementation of these new policies will supplement our continuing efforts to improve administration of this program. The modest reduction of 156,196 fee-basis outpatient visits achieved in FY 82 (FY 81 - actual visits: 2,104,486 vs. FY 82 - actual visits: 1,947,290) supports our conclusion that the estimated reductions projected for FYs 1983 and 1984 can be accomplished.

B. Prior to the formulation of the FY '83 and FY '84 budget estimates, VA Central Office placed strong policy emphasis in directing VA staff to absorb a greater percentage of the service-connected dental outpatient workloads. Continued reinforcement of this policy during the ensuing years resulted in significant increases in staff accomplishments with concomitant decreases in fee-basis expenditures. Based on actual experience through FY '82, the FY '83 and FY '84 fee-basis workload estimates were reduced to more accurately reflect the trends.

QUESTION 13:

I was pleased to note that $1.2 million and 12 FTEE are earmarked in the FY 84 budget to establish a new Geriatric Research and Education Clinical Center (GRECC).

A.(i) Where will this new GRECC be located?

(ii) (If not known) When do you anticipate making this decision?

(iii) What criteria were/will be used in selecting the location?

B. (i) Do you plan to establish additional GRECCs as authorized by Public Law 96-330?

(ii) (If yes) Specifically, what is your timetable for doing so?

ANSWER:

A.(i). In order to maximize resources in areas of greatest utilization, address migration patterns and to achieve geographic balance, as mandated by Congress in Public Law 96-330, the VA plans to locate the new GRECC in the Southeast portion of the United States. Eleven VA Medical Centers have been invited to submit letters of intent to submit proposals for GRECC: Richmond, VA; Durham, NC; Atlanta (Decatur), GA; Augusta, GA; Charleston, SC; Columbia, SC; Birmingham, AL; Jackson, MS; Gainesville, FL; Miami, FL and Tampa, FL.

A.(ii). Final selection will be made by the Chief Medical Director and site recommendation forwarded to the Administrator by September 28, 1983.

A.(iii). In addition to meeting the criteria contained in P.L. 96-330, the following criteria were used:

- VAMCs with an approved Memorandum of Affiliation with a medical school, with 50 or more residency positions currently, or imminently, being allocated;
- VAMCs not in a district with an extent GRECC; and
- Located geographically in the southeast portion of the United States (area with a high density of geriatric veterans).

B.(i). Yes.

B.(ii). In the budget formulation process for future years, consideration will be given to starting 2 new GRECCs in FY 1985, 86 and 87.

QUESTION 14:

With respect to the GI Bill targeted delimiting date extension enacted in Public Law 97-72 and clarified and extended in Public Law 97-306, please state the number of trainees that you have estimated, for purposes of your FY 84 budget documents, will be receiving GI Bill benefits pursuant to the targeted delimiting date authority in each of fiscal years 1983 and 1984 and the total estimated amount of GI Bill benefits that will be paid to those trainees in each of those years.

ANSWER:

In FY 1983 and 84 we projected 13,600 and 18,000 trainees at a cost of $26.5 million and $35.1 million in benefits respectively. THis represents a substantial increase over actuals in 1982 and the estimates are based on the liberalized provisions of the legislation passed late in 1982.

QUESTION 15:

On page 1 of your testimony, you state:

> The total budget authority requested for 1984 is $26.1 billion which consists of an appropriation request of $25.1 billion, including proposed legislative cost-savings of $135 million; funding related to permanent authorizations of $714 million; and new proposed legislation with cost increases of $238 million.

Please provide an account-by-account listing of the amounts included in the "appropriation request of $25.1 billion" and in "funding related to permanent authorizations of $714 million" and explain why your appropriation request does not include this $714 million amount.

ANSWER:

The Budget Authority table (attached) lists by account for FY 1984: (1) the appropriation request of $25.1 billion; (2) proposed legislation fo $238.1 million; and (3) funding related to permanent authorizations of $714.4 million. Permanent authorizations consist of proprietary receipts from the public against federal funds ($-93.7 million), net total trust funds ($860.2 million), and intragovernmental transactions ($-52.1 million).

The $714 million net amount of permanent authorizations is available as the result of previously enacted legislation, and does not require current action by Congress.

BUDGET AUTHORITY

(Dollars in thousands)

	1982	1983	1984	Change
Federal funds:				
Benefit programs:				
Compensation	$9,590,493	$9,462,600	$9,856,000	$393,400
Pensions	4,047,600	3,827,200	3,837,100	+9,900
Burial benefits and miscellaneous assistance	140,057	141,000	148,900	+7,900
Readjustment benefits	1,964,100	1,665,800	1,371,000	-294,800
Veterans insurance and indemnities	9,350	6,400	7,400	+1,000
Grants for the construction of State veterans cemeteries	...	2,500	3,000	+500
Total benefit programs	15,751,600	15,105,500	15,223,400	+117,900
Medical programs:				
Medical care	7,101,028	7,695,331	8,078,526	+383,195
Medical and prosthetic research	140,855 1/	154,839	156,325	+1,486
Medical administration and miscellaneous operating expenses	69,369 1/	56,420	66,552	+10,132
Grants for construction of state extended care facilities	15,840	18,000	18,000	...
Grants to the Republic of the Philippines	1,000 1/	500	500	...
Total medical programs	7,328,092	7,925,090	8,319,903	+394,813
Construction programs:				
Construction, major projects	372,270	407,392	674,392	+267,000
Construction, minor projects	102,010	141,748	193,878	+52,130
Total construction programs	474,280	549,140	868,270	+319,130
General operating expenses	662,057	691,152	719,088	+27,936
Total appropriations, adjusted	24,216,029	24,270,882	25,130,661	+859,779
Proposed legislation:				
Compensation	...	...	238,000	+238,000
General operating expenses	...	...	100	+100
Total proposed legislation	...	...	238,100	+238,100
Proprietary receipts from the public	-3,476	-85,794	-93,709	-7,915
Total federal funds	24,212,553	24,185,088	25,275,052	+1,089,964
Trust Funds:				
Post-Vietnam era veterans education account	161,057	191,959	203,400	+11,441
General post fund	9,942	8,400	8,700	+300
National service life insurance	1,163,633	1,187,000	1,209,400	+22,400
U.S. Government life insurance	31,209	26,000	22,600	-3,400
Total trust funds (gross)	1,365,841	1,413,359	1,444,100	+30,741
Proprietary receipts from the public	-612,103	-594,206	-583,900	+10,306
Total trust funds (net)	753,738	819,153	860,200	+41,047
Intragovernmental transactions	-21,521	-43,243	-52,138	-8,895
Total Veterans Administration	$24,944,770	$24,960,998	$26,083,114	$+1,122,116

1/ Includes reappropriation of resources which were transferred from the Medical care annual appropriation on September 10, 1982 and which would have otherwise lapsed on September 30, 1982. Reappropriation extended the availability of these funds in 1983.

QUESTION 16:

Dorothy, with respect to the V.A. Home-Loan Guaranty program, the budget projects that in fiscal year 1984 309,975 loans will be closed. This represents an increase of almost 36,000 loans over the 273,975 loans estimated to be closed in fiscal year 1983--a 13-percent increase. The budget further notes that "declining interest rates coupled with pent-up demand for housing should support a high level of loan activity in 1984." In connection with the General Operating Expenses request for the loan guaranty program, your budget notes that regulation changes, declining interest rates, the need for an aggressive program of supplemental servicing for veterans in default, and the need for meeting property management goals will all be factors contributing to activity in the loan guaranty program. Nevertheless, your budget proposes a reduction in fiscal year 1984 of 29 FTEE from the fiscal year 1983 level.

Keeping in mind the projected upturn in the housing market and the other factors just cited, please explain how this proposed staffing level will be adequate for the loan guaranty program.

ANSWER:

The Department of Veterans Benefit's allocated employment level resulted in a reduction in staffing for FY 1984. This reduction was distributed proportionately within the Department. In spite of this cut, we expect to be able to provide a proper level of service to veterans utilizing their housing benefit.

QUESTION 17:

With respect to the report, "A Plan for the Delivery of Health Care to VEterans in Puerto Rico and the Virgin Islands", I want to express my strong disappointment that, despite the very clear direction from the two Veterans' Affairs Committees that the agency provide a "specific, detailed proposal, including any construction project [considered] necessary" for meeting the health-care needs of eligible veterans in Puerto Rico and the Virgin Islands, the agency disavowed the report it submitted on January 20, 1983, as not representing the "views of the agency or of the Administration." That disclaimer greatly diminishes the value of the report and leaves the Committees with no recommendations or other guidance on this subject from the agency. I ask that you relay my views on this point to those in OMB responsible for the inclusion of that disclaimer.

There is a significant problem as to how VA care is to be provided in Puerto Rico and the Virgin Islands in future years. In fact, the report that isn't a report does a good job of describing the problems and some possible solutions. It is, therefore, most unfortunate that the Executive Branch refuses to come to terms with the need to choose among the solution so that progress can start to be made.

With reference to the proposed budget for FY 84:

A. (i) Are funds included to support a further extension of the current authority in section 601(4)(C)(v) of title 38 for contract care in Puerto Rico and the Virgin Islands?

(ii) (If yes) At what level?

B. Are funds included to support any activity in FY 84 relating to the construction of new VA facilities in Puerto Rico.

(If yes) Please itemize the amounts of any such funds and the activities involved.

ANSWER:

A.(i). Yes. Funds are available in the VA budget request for FY 84 for contract health care for veterans in Puerto Rico and the Virgin Islands should the VA's authority to provide this care under section 601(4)(C)(v) of title 38 be extended.

A.(ii). These funds are not specifically identified and are a part of the Contract Hospital Care program and Outpatient Medical Fee program.

B. No funds are requested in the VA budget for FY 84 for construction of new facilities in Puerto Rico.

QUESTION 18: COMPENSATION COST-OF-LIVING INCREASE

QUESTION A:

In connection with the Administration's proposal to provide reduced COLA's in FY 1985 and subsequent years for veterans with service-connected disabilities rated 90 percent or less disabling--a matter we discussed at some length at the hearing-how does the Administration justify cutting future COLA's for 94 percent of the service-connected veterans in this manner but continuing to pay non-veteran DIC recipients and nonservice-connected pension recipients a full COLA?

ANSWER:

A graduated scale of increases for veterans rated 10 to 90 percent disabled, concurrent with a full COLA for totally disabled veterans and DIC recipients, has recent precedents, e.g. Pub. L. No. 97-66 and Pub. L. No. 96-385. It should be noted that Congress in 1981, at its own initiative, enacted a variable percentage COLA increase for the compensation program.

Unlike the compensation program, the pension program is indexed to the Social Security COLA. Any out-year alteration in the pension COLA should, in our view, be based only on a similar alteration in the Social Security COLA. This approach is consistent with previous Congressional responses to the need for entitlement savings. It should be remembered that pension is a need-based program, and the impact of increases in consumer prices falls most heavily on those whose incomes are marginal.

QUESTION B(i):

Do you plan to submit legislation this year to achieve these reductions?

ANSWER:

No. At this time we have the question under review.

QUESTION B(ii):

If not, would you agree that the real test of the viability of this proposal will be whether it appears in the FY 1985 budget request?

ANSWER:

No. Budget projections necessarily rest on assumptions concerning the rate of inflation. During this Administration, good progress has been made in controlling inflation. If the rate of inflation moderates at a rate greater than now expected, it may not be necessary to include this proposal in the FY 1985 budget request.

QUESTION C:

The Budget Committee requests multi-year budget projections -- for FY's 1984 through 1988 -- from Committees in making their budget recommendations. What do you recommend we recommend to the Budget Committee regarding amounts needed for compensation COLA's in FY 85 and thereafter?

ANSWER:

We believe that the following percentage increases will be in order: 5.1 percent in FY 1985, 4.5 percent in FY 1986, 4.6 percent in FY 1987, 4.6 percent in FY 1988 and 4.5 percent in FY 1989.

QUESTION 19:

Harry, you and I have exchanged correspondence and questions and answers in connection with your confirmation hearing regarding radiation exposure activities and soft-tissue sarcoma/dioxin-exposure studies. I will make these exchanges part of the record of this hearing at this point. Please bring me up to date on your current plans in each of these areas.

ANSWER:

Regarding our programs concerning veterans exposed to ionizing radiation as a result of detonation of nuclear devices, we have undertaken several initiatives. First, the Veterans Administration has requested the Interagency Radiation Research Committee to provide its advice on the feasibility of conducting an epidemiological study of veterans exposed to radiation during the nuclear weapons test program, or during service with the occupation forces in Hiroshima and Nagasaki following World War II, to incorporate morbidity, mortality, psychological, and genetic features. Secondly, we have requested the National Library of Medicine to make available to the Veterans Administration their past extensive literature searches on the health effects of exposure to nuclear radiation and, beginning March 1, 1983, the Veterans Administration will be supplied with monthly reports of worldwide radiation research. Thirdly, we will call upon experts in the field of nuclear effects to evaluate the National Library of Medicine's reports, to consider the epidemiological recommendations of the Interagency Radiation Research Committee, and to develop and periodically update a manual for the use of Veterans Administration physicians in the examining and treating of veterans exposed to ionizing radiation while in military service. Finally, we are revising the DM&S Circular concerning implementation of P.L. 97-72, section 102, relating to the provision of health care services to veterans exposed to ionizing radiation as a result of detonation of nuclear devices.

Regarding the issue of the relationship between exposure to dioxin and the subsequent development of soft tissue sarcoma, the Veterans Administration is unable at present to establish scientific proof that Agent Orange or its ingredients are causes of one or more of the group of diseases called soft-tissue sarcomas. We are currently undertaking a detailed evaluation of the published literature, are searching our data on illnesses and death among Vietnam veterans for evidence of unusual incidences of any forms of soft-tissue sarcoma, and have encouraged an examination of the files of the Armed Forces Institute of Pathology for such evidence.

QUESTION 20:

Your budget apparently assumes that the draft bill to terminate GI Bill benefits for correspondence training, which you transmitted on February 9, 1983, would be enacted on October 1, 1983, and take effect on that date. I note that your legislative proposal includes no provision for grandfathering those who are enrolled in such training on that date. Your cost estimate of FY 84 savings is $4.9 million and of the first five years' savings is $18.5 million. If a grandfather provision -- such as was included in Public Law 97-101 -- were added, what would be your estimate of the cost savings for FY 84 and each of the next four years?

ANSWER:

If a grandfather provision were added to this proposal, the 1984 savings would be reduced to $1.0 million, while the savings in 1985 and beyond would remain unchanged. The following chart identifies the expected savings if a grandfather provision were added to the proposal.

FY	Trainees	Savings (dollars in thousands)
1984	-4,400	$-1,000
1985	-19,215	-4,200
1986	-16,415	-3,600
1987	-14,410	-3,100
1988	-12,610	-2,700
		$-14,600

QUESTION 21A.

The VA has proposed increased funding for fiscal year 1984, under the General Operating Expenses account, to expand the Board of Veterans' Appeals by three board sections for a total of 19 three-member sections. In the discussion of this proposal in the Agency's budget materials (p. 16-64), it is noted that

> existing statutory limitations precluded assignment of more than 50 members. Until passage of modifying legislation, BVA will be limited to two deputy vice chairmen and 48 other members. Remaining positions will be filled by detailing medical advisers and senior attorneys, on a rotating basis, as acting members.

When do you propose to submit the legislation needed to modify the statutory limitation in section 4001 of title 38?

ANSWER:

Our proposal was transmitted to Congress on March 10, 1983.

QUESTION 21B.

Do you agree that such amendatory legislation is necessary and that an Appropriations Act inclusion of sufficient funds to support the proposed three new sections would not authorize the expansion in excess of the title 38, section 4001 ceiling?

ANSWER:

Yes, we agree. Section 4001 is an authorizing provision, with a specific limitation. Regardless of the level of funding in an appropriations act, an amendment to the authorizing provision is necessary to grant authority.

QUESTION 22.

What is the present statutory authority for constituting panels of the Board with non-members serving in an "acting" capacity as proposed in the budget materials? Please provide a legal opinion in support of your answer to this question.

ANSWER:

Section 4002 of title 38, United States Code, provides the Chairman of the BVA with the authority to divide the Board into three-member sections. It further provides:

> If a section as a result of a vacancy or absence or inability of a member assigned thereto to serve thereon is composed of a number of members less than designated for the section, the Chairman may . . . direct the section to proceed with the transaction of business without awaiting any additional assignment of members thereto.

In our view, because the business of the BVA is the rendering of appellate decisions, section 4002 shows a Congressional intent that decisions can be made with less than three members concurring. Thus, a decision signed by only two board members is a valid final decision. Because two formally appointed board members always review and sign each decision, the signature of a senior attorney on a decision is, in a sense, simply an extra signature.

Additionally, section 4003(b) of title 38, United States Code, provides that when there is disagreement among the members of a section, the Chairman may concur with the majority of the members, making the decision of the majority a final determination of the Board. In all cases where there is disagreement, the practice of the BVA is to have the Chairman review the decision. With the Chairman's concurrence with the majority, there are always at least two permanent Board members concurring in every decision issued by the BVA, even if the reviewing panel included an acting member. (No formal General Counsel opinion has been developed on this issue.)

RESPONSE OF THE VETERANS' ADMINISTRATION TO A WRITTEN QUESTION SUBMITTED BY

HON. STROM THURMOND, A U.S. SENATOR FROM THE STATE OF SOUTH CAROLINA

QUESTION

Recent reports describe the difficulties which are being experienced by female veterans in getting medical care comparable to that which is available to male veterans at VA facilities. I recall the concern which you expressed on this matter at your confirmation hearing. Are there funds included in the proposed budget to address this inequity and if so, how will they be used to address the problem?

ANSWER:

Assuring equity of access to VA health care is one of the Agency's highest priorities. The Chief Medical Director has already taken action to require that each medical facility have a specific plan to care for female patients by June 1, 1983. Instructions have also been given to our facilities to specifically identify projects to correct privacy limitations for female veterans. Since funding for care of female veterans is included within our overall Medical Care appropriation, necessary adjustments will be made within existing resources. These projects will be given high-priority consideration as we formulate our five-year facility plans.

We would note that the majority of our medical centers are providing these services already. Actions that we have taken will assure that all facilities will provide equal access to female veterans.

RESPONSE OF THE VETERANS' ADMINISTRATION TO A WRITTEN QUESTION SUBMITTED BY HON. ROBERT T. STAFFORD, A U.S. SENATOR FROM THE STATE OF VERMONT

QUESTION:

A number of veterans in Vermont have complained to me that some of the expenses for which they used to be reimbursed by the VA have been reduced or eliminated. In particular, reimbursements for travel to the VA Hospital have been reduced, I am told, and some veterans have complained that VA no longer allows payment for certain over-the-counter drugs purchased to treat service-connected ailments. Could you respond to these complaints and indicate whether the proposed budget addresses them?

ANSWER:

It has never been the VA's policy to limit the kinds of drugs, i.e., over-the-counter medications, versus legend drugs when used for the appropriate treatment of individual patients. The decision regarding drug availability within the medical centers is made by the local Committee on Therapeutic Agents and Pharmacy Reviews with the appropriate physician input. This is not addressed per se in the proposed budget. It is true that reimbursements of veterans' travel expenses to the VA medical center in Vermont were temporarily reduced pursuant to a local directive. That directive has been corrected, and the facility is now complying with established beneficiary travel policy. The proposed VA budget includes an estimated 7 percent increase for beneficiary travel over Fiscal Year 1983 and a 12 percent increase over Fiscal Year 1982 actual expenditures.

RESPONSE OF THE VETERANS' ADMINISTRATION TO A WRITTEN QUESTION SUBMITTED BY

HON. PETE V. DOMENICI, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

QUESTION:

The Veterans Administration (VA) anticipates an increased demand for medical care by aging World War II veterans who will reach age 65 by the end of this decade. Over 11 million World War II veterans will become eligible for free VA medical care when they reach age 65.

1. What is the overall strategy of the VA to meet these needs?

2. What modifications to the existing VA health care system might be required to meet these needs?

ANSWER:

1. DM&S will continue to improve and operate an integrated, comprehensive and cost effective health care delivery system which will provide the highest quality care to all eligible veterans and which responds to the specific needs of the aging veteran for medical and psychosocial care.

The basic VA health care system consists of five parts: The VA medical centers (medical, surgical, psychiatric and intermediate bed care, outpatient care, and hospital based home care), VA nursing homes, VA domiciliaries, the Community Nursing Home Program, and the Veterans State Home Program. Each of the five parts is used by and essential to the aging veteran.

Some expansion of certain programs and facilities used more frequently by the older veteran will, of course, be required. While we are exploring new and innovative approaches to the care of the elderly veteran, we firmly believe that maintenance of the basic VA health care system is paramount in meeting the needs of the aged veteran.

2. Although we don't anticipate major changes in the VA's basic health care system, we do believe expansion of certain parts of the system will be needed. We currently have plans for increasing the number of nursing home beds either by renovation of existing space or by construction of new VA nursing home beds. Furthermore, the Community Nursing Home Program, through which the VA pays for the care of many older veterans in nursing homes in their communities, will also be expanded. Finally, the VA continues to provide grants to States for construction of new State Homes, as well as per diem payments for the care of the elderly veteran. Through maintenance of the existing health care system and expansion of those parts of it that are used heavily by older veterans, the VA believes it can meet the needs of the many more older veterans who will use the system in the next two decades.

These needs have been addressed in the Medical District Initiated Program Plans (MEDIPP) process in determining the future level of activity for each major component of the system (hospital, nursing home and domiciliary care) although they are not separately identified. For this reason, plans cannot be distinguished from goals for all veterans' care. In addition, a thorough analysis of the anticipated workload, availability or resources, and future policy options is to be compiled in a document capable of guiding the agency's 5-year and beyond planning efforts. This document will be based on internal and external advisory groups recommendations, demographic studies completed and projected, specific action plans by VACO and field work groups, and a comprehensive review of the results of the decentralized planning process (MEDIPP). The review has been initiated and the report will be completed in 1983.

Chairman SIMPSON. We next have William Plowden, the Assistant Secretary of Labor for Veterans' Employment Services; those accompanying him, Don Shasteen and Lynn McGlew. Come forward to the witness table, please.

Bill, how are you today?

Mr. PLOWDEN. Fine, thank you.

Chairman SIMPSON. So if you will proceed? It's good to have you here and things are going well, and I think the budget portends good things for your program. It would appear so, but certainly we would like to hear from you.

Mr. PLOWDEN. Thank you, Senator. I want to introduce someone that you probably already know, my Deputy Assistant Secretary, Mr. Don Shasteen.

Chairman SIMPSON. He was around this place when my father was here.

Mr. SHASTEEN. Yes, sir.

Mr. PLOWDEN. And, of course, Ms. Lynn McGlew.

Chairman SIMPSON. Nice to have you.

TESTIMONY OF WILLIAM C. PLOWDEN, ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT SERVICES, DEPARTMENT OF LABOR, ACCOMPANIED BY DONALD SHASTEEN, DEPUTY ASSISTANT SECRETARY OF LABOR FOR VETERANS' EMPLOYMENT SERVICES; AND LYNN McGLEW, CHIEF, DIVISION OF BUDGET FOR ADMINISTRATION AND MANAGEMENT

Mr. PLOWDEN. Mr. Chairman, members of the committee, I appreciate the interest of the Senate Veterans' Affairs Committee in the Department of Labor's fiscal year 1984 budget proposal and welcome the opportunity, of course, to testify concerning the portions which will impact upon veterans' employment and training programs.

As you may know, my office was established approximately 1 year ago, so this is the first fiscal year budget process in which the interests of veterans have been represented by an Assistant Secretary of Labor whose singular interest is services for veterans.

Fiscal year 1984 also marks the first year of implementation of the Job Training Partnership Act under which increased responsibility for the design and success of the public employment and training system will transfer from the Federal Government to the States. However, the policy of the Department of Labor regarding the priority for services to veterans remains unchanged and is reflected in the fiscal year 1984 budget proposals.

As the budget indicates, the proposed funding levels for veterans' programs have been increased. The disabled veterans outreach program which is funded under the State unemployment insurance and employment service operations appropriations shows a 9-percent increase in funds over fiscal year 1983. This includes an increase for additional staffers to reflect our estimate of the increased population to be served under DVOP.

Also under the appropriation the requested funding for the local veterans' employment representatives program shows an increase of 9 percent.

Title IV C of the JTPA authorizes the Department to operate federally administered national programs targeted to meet special needs of disabled, Vietnam-era, and recently separated veterans. Our appropriation request for such programs is approximately $9.4 million. The amount is based on the formula set forth in the act itself. That sum represents approximately eight times the amount available for similar programs in fiscal year 1983.

The salaries and expenses budget request for the Office of the Assistant Secretary for Veterans' Employment and its affiliated agency, the Veterans' Employment Service, reflects an increase of approximately 8 percent over the fiscal year 1983 level.

Since funding for this agency has been a special concern of this committee in several of the previous fiscal years, I am especially glad to testify that the fiscal year 1984 request does truly reflect adequate funding for the agency to carry out its broad mission.

As you may already know, the Secretary recently ordered the transfer of the veterans reemployment rights program from the Labor Management Services Administration's jurisdiction to my office. In future fiscal years, therefore, the budget request for that agency will appear in the OASVE section.

I have attached copies of excerpts from the DOL budget pertinent to the aforementioned programs affecting veterans for your convenience, including the section on the Office of Federal Contract Compliance Programs which enforces the affirmative action programs for disabled and Vietnam-era veterans. OFCCP is a component of the Employment Standards Administration with which my office is currently developing a memorandum of understanding concerning the respective roles to be fulfilled pursuant to the mandate of title 38, United States Code.

In closing, I also wish to mention that the Department through my office is continuing to work with the Veterans' Administration to insure that our efforts to provide services to veterans are coordinated and cost effective. Already we have insured the outstationing of DVOP staff in many VA facilities to provide outreach and employment and training services, and we plan to consult with the Administrator as to the best possible ways to utilize our resources in the implementation of special programs under the JTPA.

Again, I thank you for this opportunity to discuss the fiscal year 1984 budget as it affects veterans.

Thank you, Mr. Chairman.

Chairman SIMPSON. Thank you very much, Bill. Do you anticipate any supplemental request for fiscal year 1983? Could you provide how much might be requested and what it might embrace?

Mr. PLOWDEN. No, sir, I don't. I don't anticipate any.

Chairman SIMPSON. How has your office responded to the GSA decision to contract out certain positions such as custodian, elevator operators, traditionally held by veterans?

GSA has already gone forward with 16 of those contracts which came out in spite of the legislation which we enacted—Public Law 97-377 specifically—prohibiting those actions.

What role do you think the Veterans' Employment Service should play in that situation? What remedy would you support, or recommendation?

Mr. PLOWDEN. Well, we are bitterly opposed to that, sir. We don't feel it should be done. That affects our veterans and our vets' employment, so we would request any assistance that we can get to stop that.

Chairman SIMPSON. There has been quite a bit of turmoil about that, hasn't there?

Mr. PLOWDEN. Yes, sir. In some areas I believe it has been corrected.

Chairman SIMPSON. Interestingly enough, in some situations where the termination has taken place and they go to the contracting firm, that contractor then hires some of those same persons that were discharged. That is curious—taking them in at a lesser wage which is the critical part of it, which is distinctly inappropriate—but I would hope that you will share with the committee your view about that.

Mr. PLOWDEN. I will do that.

Chairman SIMPSON. And what funding has been provided to you under the Job Training Partnership Act for fiscal year 1983 and what are your goals for the use of those funds, and I guess I would inquire whether you may not be requesting the full $14-plus million authorized to you in the Job Training Partnership Act for fiscal year 1983?

Mr. PLOWDEN. Well, according to the formula set forth in the law, I believe we will get approximately $9.352 million, and of course, this could be distributed by specific formula as called for in the law. We will, of course, contract directly or through grants to States specifically designed programs to assist in this. Priority, of course, will be given—we are working on this now. We have a task force working out the plans for implementation of the regulations.

Chairman SIMPSON. All right.

Mr. PLOWDEN. For 1983 now; this is for 1984. This is starting in October 1984. I mean 1983, for fiscal year 1984.

Chairman SIMPSON. I thank you. There may be other questions by other members of the committee. Those will be submitted in writing with a request to respond to those before Friday this week at noon.

Mr. PLOWDEN. Yes, sir.

Chairman SIMPSON. Thank you very much. I thank you, Don, and good to see you and Ms. McGlew.

Mr. PLOWDEN. Thank you very much.

[The prepared statement of William C. Plowden, Jr., Assistant Secretary for Veterans' Employment, Department of Labor; and the Department of Labor's responses to written questions submitted by Hon. Alan K. Simpson, chairman of the Senate Committee on Veterans' Affairs, and Hon. Alan Cranston, ranking minority member of the Senate Committee on Veterans' Affairs, follow:]

PREPARED STATEMENT OF WILLIAM C. PLOWDEN, JR., ASSISTANT SECRETARY FOR VETERANS' EMPLOYMENT, DEPARTMENT OF LABOR

Mr. Chairman and Members of the Committee:

I appreciate the interest of the Senate Veterans Affairs Committee in the Department of Labor's FY 1984 Budget Proposal and welcome the opportunity to testify concerning the portions which will impact upon veterans' employment and training programs.

As you may know, my office was established approximately one year ago, so this is the first FY budget process in which the interests of veterans have been represented by an Assistant Secretary of Labor whose singular interest is services for veterans.

FY 1984 also marks the first year of implementation of the Job Training Partnership Act, under which increased responsibility for the design and success of the public employment and training system will transfer from the Federal government to the States. However, the policy of the Department of Labor regarding priority for services to veterans remains unchanged and is reflected in the FY 1984 Budget Proposals.

As the Budget indicates, the proposed funding levels for veterans programs have been increased. The Disabled Veterans

Outreach Program (DVOP), which is funded under the State unemployment insurance and employment service operations appropriation, shows a 9% increase in funds over FY 1983. This includes an increase for additional staff years to reflect our estimate of the increased population to be served under DVOP. Also under the appropriation, the requested funding for the local veterans' employee representatives program shows an increase of 9%.

Title IV C of the JTPA authorizes the Department to operate Federally administered national programs targeted to meet special needs of disabled, Vietnam era, and recently separated veterans. Our appropriation request for such programs is $9.4 million; the amount is based on the formula set forth in the Act itself. That sum represents approximately eight times the amount available for similar programs in FY 1983.

The Salaries and Expenses budget request for the Office of the Assistant Secretary for Veterans Employment and its affiliated agency, the Veterans' Employment Service, reflects an increase of approximately 8% over the FY 1983 level. Since funding for this agency has been a special concern of this Committee in several of the previous fiscal years, I am especially glad to testify that the FY 1984 request does truly reflect adequate funding for the agency to carry out its broad mission.

As you may already know, the Secretary recently ordered the transfer of the Veterans Reemployment Rights (VRR) program

from the Labor Management Services Administration's jurisdiction to my office. In future fiscal years, therefore, the budget request for that agency will appear in the OASVE section.

I have attached copies of excerpts from the DOL Budget pertinent to the aforementioned programs affecting veterans for your convenience, including the section on the Office of Federal Contract Compliance Programs (OFCCP) which enforces the affirmative action program for disabled and Vietnam era veterans. The OFCCP is a component of the Employment Standards Administration, with which my Office is currently developing a memorandum of understanding concerning the respective roles to be fulfilled pursuant to the mandates of Title 38, U.S. Code.

In closing I also wish to mention that the Department, through my Office, is continuing to work with the Veterans Administration to ensure that our efforts to provide services to veterans are coordinated and cost effective. Already we have ensured the outstationing of DVOP staff in many VA facilities to provide outreach and employment and training services, and we plan to consult with the Administrator as to the best possible ways to utilize our resources in the implementation of special programs under the JTPA.

Again, I thank you for this opportunity to discuss the FY 1984 Budget as it affects veterans.

Attachments

DEPARTMENT OF LABOR VETERANS' PROGRAMS
FISCAL YEAR 1984 BUDGET

The following is a listing of the Department's programs related to the employment and training of veterans. A description of each of the programs can be found in the Department's 1984 Congressional Budget Justification, copies of which are transmitted herewith. The ESA veterans' program is not separately identified in the Congressional submission, but included within the Office of Federal Contract Compliance Programs.

Department Management:

- Veterans Employment Service (trust fund transfer)	$ 9,613,000

Employment and Training Administration:

- Disabled Veterans Outreach Program.	62,600,000
- Local Veterans Employment Representatives . . .	46,200,000
- Veterans Employment Programs (Title IV, Part C of the Job Training Partnership Act) . .	9,352,000

Labor Management Services Administration:

- Veterans Reemployment Rights.	2,572,000

Employment Standards Administration:

- Federal Contract Compliance Programs: (Including the Vietnam-Era Veterans' Readjustment Act 38 U.S.C. 2012)	47,393,000*

*All OFCCP program responsibilities are operationally integrated, thereby making the total OFCCP staffing resources available for support of the 38 U.S.C. 2012 program and other program activities. The FY 1984 staffing level is 979 staff the same as in FY 1983.

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VETERANS EMPLOYMENT SERVICE

1982 Actual		1983 Estimate		1984 Estimate		Increase or Decrease	
Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
225	$8,130,000	225	$8,935,000	225	$9,613,000	--	+$678,000

Included above:
Pay supplemental.....($400,000)

Introduction

Pursuant to the mandates of Chapter 41, Title 38, U.S. Code, the Veterans Employment Service (VES) is devoted to maximizing employment and training opportunities for veterans. It operates under the direction of the Assistant Secretary for Veterans Employment (OASVE) who serves as the principal advisor to the Secretary of Labor on the formulation and implementation of all policies and procedures affecting veterans. VES staff, located in every State and closely affiliated with the National Regional Offices of the Employment and Training Administration (ETA), exercise functional supervision over the execution of veterans' counseling, training, and placement policies through the public employment service and the Job Training Partnership Act (JTPA) programs. They also promote compliance by Federal contractors under the Federal Contractor Job Listing Program requirements, conduct a veterans' outreach and public information program, direct the implementation of special national demonstration projects to serve the unique needs of special veteran target groups and provide management assistance and training services to State Job Service agency staff, JTPA service providers, and special national projects staff. Effective in FY 1983, the OASVE assumed responsibility for the management of the Disabled Veterans Outreach Program (DVOP).

The Federal administrative costs of the Veterans Employment Service are financed by the Unemployment Trust Fund as authorized by Section 901 of the Social Security Act, as amended.

FY 1984 Budget Request

A high priority objective in 1984 is to improve further on management of staff and resources, particularly the DVOP program, by building upon administrative changes accomplished in 1983 and through greater use of automated management information systems. This will increase the capacity of the National Office to review incoming data, analyze problems, and synthesize appropriate short and long term plans and directives to deal with identified problems and needs. As legislative mandates require the OASVE to become more directly involved in program administration activities and responsible for other DOL veterans' service agencies, the organizational structure and roles of national office and field staff will be refined to meet the new operational needs in the most cost effective manner.

Implementation of the Job Training Partnership Act will probably result in the reorganization of most States' Employment Service and training services agencies, and also give the States even broader authority to designate priority target groups among the eligible population. In order to ensure that the national policy of priority for veterans is adhered to, priority will be given to monitoring State agencies' operation and providing management assistance to ensure compliance and also to assist State agencies in developing effective linkages with veterans supportive service agencies such as the Veterans Administration's Outreach Centers and medical facilities.

All large Job Services offices will be evaluated annually as required by the U.S. Code. Outstationed DVOP staff (i.e., those located at sites other than Job Service offices) will be monitored on-site twice per year, which will increase the probability of compliance. All the service delivery agents under the Job Training Act will receive initial and followup monitoring visits, increasing the probability of appropriate veterans' participation in those training programs.

Implementation of a nationwide public information program is another priority. The primary objectives of the planned multi-media campaign are to inform veterans of the services available to them, and to inform employers, especially in the private sector, of the special programs available to assist them in hiring veterans in need of job training.

The Job Training Partnership Act also provides for special national programs to deal with unique employment problems. High priority will be given to conducting special service delivery projects to augment mainstream State agency efforts focusing upon particular target groups and geographic areas. Where possible, the projects will be conducted under performance-based contracts, primarily by non-profit organizations.

1983

In 1983 this activity was transferred from the Employment and Training Administration, Program Administration appropriation. VES also assumed responsibility for administration of the Disabled Veterans Outreach Program. Effort will be directed toward the areas of management assistance and training, including administration of the DVOP Program, functional supervision, program monitoring and evaluation, and outreach and public information, to ensure that veterans receive adequate counseling, training, and job placement services.

1983 Accomplishments

Close attention will be focused upon the new training service system to be developed under the authority of the JTPA. Efforts will be made to link the new system's services with the State Job Service Agencies' programs for veterans, Veterans Administration's benefits and outreach programs, DVOP, and the efforts of voluntary veterans service organizations. Funding for special national programs authorized under JTPA will be used in the implementation of programs aimed at assisting specific categories of veterans in overcoming unique barriers to employment. At the national/regional levels, priority will also be given to implementing new administrative/operational linkages with ETA offices in

accordance with the inter-agency agreement between the Assistant Secretaries for Veterans Employment and Employment and Training. Priority will also be given to effecting the transfer of the Veterans Reemployment Rights program to the OASVE from the Labor Management Services Administration as required by P.L. 97-306, and to functional supervision of the veterans affirmative action program administered by the Office of Federal Contract Compliance Programs, also pursuant to provisions of P.L. 97-306.

1982

The Office of the Assistant Secretary for Veterans Employment was formally established, and the Veterans Employment Service was transferred from the Employment and Training Administration. The VES was also reorganized to meet the challenges of its expanded role. In anticipation of the transfer of the Disabled Veterans Outreach Program to the OASVE, VES worked with the ETA to effect improvements in the State ES agencies' program/budget planning and accounting processes pertinent to DVOP operations. Successful special service delivery projects were conducted according to contractual arrangements with several organizations such as the Blinded Veterans Association and American G.I. Forum. Due to delays in hiring field staff the agency was unable to meet its State ES agency monitoring/evaluation visits goal. However, the agency conducted a nationwide public information campaign despite the non-availability of current media materials by doubling the planned number of outreach and public information contacts and securing the assistance of voluntary veterans service organizations in the publicity effort. That public information accomplishment was made possible by diverting resources which had been planned to be devoted to maximizing veterans' participation in CETA programs. The diversion was deemed appropriate given the FY 1982 reductions in CETA program funding which impacted most on the program activities in which most veterans participated.

Changes for 1984

Activity Changes:

Built-in:

Personnel Costs including annualization of 1983 pay increase, net cost of within-grade promotions effective in 1983, net cost of within-grade promotions effective in 1984, costs related to partial absorption of 1983 pay, increased general merit pay fund contributions, increased FECA charges, increased personnel benefits costs and increased overtime costs offset by one less day of pay.....+$615,000

Nonpersonnel costs including increased cost of rent, communications and utilities, increased ADP costs, and increased cost of miscellaneous services, offset by decreased cost of GSA Standard Level User Charges, and decreased cost of administrative and program support services.....+$ 63,000

Total.....+$678,000

VETERANS EMPLOYMENT SERVICES

	1982 Actual	1983 Estimate	1984 Estimate	Increase or Decrease
a. Disabled veterans outreach program	$36,564,000	$57,200,000	$62,600,000	+$5,400,000
b. Local veterans employment representatives	34,387,000	42,500,000	46,200,000	+3,700,000
Total Obligations	70,951,000	99,700,000	108,800,000	+9,100,000

Introduction

Services are provided to veterans on a priority basis as required by Chapter 41, Title 38, U.S. Code. (All legislated mandates for services to veterans are codified under this Title). The Disabled Veterans Outreach Program (DVOP), mandated by Section 2003A of that Chapter, provides outreach and intensive employability development services to disabled and other severely disadvantaged veterans to assist them in securing employment. Staffing for this program is determined by a legislated formula; the formula requires the establishment of one staff specialist per each 5300 disabled and Vietnam-era veterans residing in each State.

Section 2004 of the referenced U.S.C. Chapter requires that Local Veterans Employment Representative (LVER) positions be maintained in local offices based on need as determined by the Secretary of Labor. LVERs provide job development, placement and supportive services directly to veterans, and act as functional supervisors of the services provided veterans by other local office staff to ensure compliance with the performance standards for services to veterans.

1984 Budget Request

a. Disabled Veterans Outreach Program.

Funds are requested to support the mandated DVOP positions and operating costs projected to be required in FY 1984. Administration will be by the Office of the Assistant Secretary of Labor for Veterans Employment, as required by the U.S. Code and the Secretary's Order issued in 1982 which directed the transfer of responsibility from the Employment and Training Administration. In most States the DVOP will be operated by the State Employment Security Agency by way of a Grant or reimbursable agreement.

The major emphasis within the DVOP will be to provide to economically and educationally disadvantaged veterans the comprehensive services necessary to secure employment through direct services and linkages with other service sources, such as the Veterans Administration and Job Training Partnership Act program service providers.

b. Local Veterans Employment Representatives

The major emphasis will be to ensure that local offices adhere to performance standards for services to veterans. Local offices will be assigned LVERs as required by Section 2004 through reimbursable agreements with the State Employment Service Agency.

1983

a. Disabled Veterans Outreach Program

This is the second year of the DVOP as a permanent program as required by the U.S. Code, and the first full year for which the OASVE has direct responsibility and authority for administration of the program. Program planning and cost accounting systems were expanded to specifically identify all positions and costs associated with the program; this should facilitate program adminstration and result in greater compliance by SESAs with staffing requirements. Through the first quarter of this fiscal year, an average of 95 percent of all DVOP positions were filled compared to an average of 83 percent in FY 1982. The relatively high level of program staffing compliance is expected to be maintained and should result in improved levels of services to disabled, Vietnam-era and other disadvantaged veterans. Strong emphasis will be placed on linkages with other veterans service providers, such as Veterans' Administration Outreach Centers and the Vietnam Veterans Leadership Program conducted by ACTION.

b. Local Veterans Employment Representatives

The major emphasis in this fiscal year will be to ensure that provisions are made to continue to deliver mandated services on a priority basis to all veterans during the realignment efforts expected to occur as the State agencies transition from the systems extant under the Wagner-Peyser/CETA framework to the new arrangements required by the Job Training Partnership Act and Wagner-Peyser revisions.

1982

a. Disabled Veterans Outreach Program

This was the first year of operation of the DVOP as required by P.L. 96-466, the Veterans Rehabilitation and Education Amendments of 1980. Problems were encountered due to reduced staffing levels in the basic employment service program requiring reduction-in-force actions. As a result, both staffing levels and program accomplishments were lower than expected.

b. Local Veterans Employment Representatives

The budgetary reductions also impacted on the LVER program. While the number of required positions did not change, there was considerable turnover as many incumbent LVERs were replaced by more senior staff. However, by the end of the fiscal year the new LVERs had either received appropriate training or such training was planned to be completed early in Fiscal Year 1983.

Changes for 1984

Activity Changes:	
Built-in:	
Legislation statewide salary compensation changes.....	$7,900,000
Nonpersonal services.....	900,000
Increase in legally mandated DVOP positions.....	300,000
Subtotal.....	9,100,000
(DVOP).....	(5,400,000)
(LVER).....	(3,700,000)
Net Program.....	--

FEDERALLY ADMINISTERED PROGRAMS

	1982 Actual	1983 Estimate	1984 Estimate	Increase or Decrease
a. Native Americans....	$67,887,000	$68,915,000	$62,243,000	-$6,672,000
b. Migrant and seasonal farmworkers.....	70,018,000	70,358,000	60,357,000	-10,001,000
c. Job Corps.....	583,237,000	589,600,000	585,600,000	-4,000,000
d. Veterans' employment	—	—	9,352,000	+9,352,000
e. National activities.	158,220,000	108,738,000	55,078,000	-53,660,000
f. Targeted jobs tax credit.....	19,822,000	20,000,000	20,000,000	—
Total Obligations.....	899,184,000	857,611,000	792,630,000	-64,981,000

Introduction

Most of the programs and activities for which funds are requested in this activity are authorized by Title IV of JTPA. These include: programs for Native Americans; programs for migrant and seasonal farmworkers; the Job Corps; Veterans' Employment Programs; and other national activities including research and development, evaluation, labor market information, special national programs and activities, the National Occupational Information Coordinating Committee and the National Commission for Employment Policy. The Targeted Jobs Tax Credit program is authorized by the Internal Revenue Code of 1954, as amended. The Redwood National Park Expansion Act authorizes programs for individuals deprived of employment as a result of the expansion of the Redwood National forests. Given the diverse nature of these programs and activities, separate discussion is given to each of them below.

Native Americans

These programs are designed to improve the economic well-being of disadvantaged Native Americans (Indians, Eskimos, Aleuts, and Native Hawaiians) through the provision of training, work-experience, and other employment-related services and opportunities that are intended to lead the participants to permanent, unsubsidized jobs. In implementing this program, the Department of Labor issues population-based formula grants to Indian tribes and other Native American groups whose eligibility for such grants is established in accordance with the Department's regulations. It is estimated that approximately 190 formula grants will be issued each year to Indian tribes and reservations, Native Alaskan groups, Native Hawaiian groups, and nonprofit Indian groups located mainly in urban areas. Section 401(j) of JTPA specifies that an amount equal to 3.3 percent of the amount available for the Block Grants to States be reserved for these programs.

TES-20

Migrant and Seasonal Farmworkers

These programs are designed to serve members of economically disadvantaged families whose principal livelihood is gained in migratory and other forms of seasonal farmwork. The goal of the program is to alleviate the chronic unemployment and underemployment being experienced by farmworker families. Through training and other employability development services, the program prepares considerable numbers of farmworkers for stable, year-round employment, both in and outside the agricultural industry. In addition, the program also provides health care, day care and other supportive services for farmworkers who choose to stay in agriculture.

In implementing this program, the Department of Labor plans to use no less than 90 percent of each year's appropriation to issue competitively awarded project grants to qualifying public agencies and nonprofit groups. These funds are allocated for spending in the various States according to a population-based formula prescribed in the Department's regulations. The remainder of each year's appropriation is set aside for technical assistance and other special projects. Section 402(f) of JTPA specifies that an amount equal to 3.2 percent of the amount available for the Block Grants to States be reserved for these programs.

Job Corps

Job Corps is a comprehensive, intensive program designed to increase the future employability of severely disadvantaged young people, aged 14 to 21. The Job Corps program is operated through a national network of residential centers. At these centers, economically disadvantaged, unemployed and out-of-school young people are taught basic education, vocational skills, and provided with support services in a highly structured environment. Intensive placement assistance is provided when students terminate from the program.

Veterans' Employment

Section 441 of JTPA requires that the Secretary of Labor conduct, directly or through grant or contract, special programs designed to meet the unique employment and training needs of disabled, Vietnam-era and recently separated veterans. The Act specifies by formula the funding level for these programs. These programs will be implemented in 1984 and will provide direct employment and training services, as well as funding for activities designed to enhance existing training programs and services. These activities will include outreach and recruitment efforts, program promotion, and coordination of governmental and private efforts serving veterans.

National Activities

Funds requested for these activities will be used to support research and development, evaluation, labor market information, training and technical assistance, and other special national programs and activities most appropriately administered at the national level. Within this area, funds are also used to support activities of the National Commission for Employment Policy (NCEP) and the National Occupational Information Coordinating Committee (NOICC). Funds are also used for training, job search and relocation efforts for individuals deprived of employment as a result of the expansion of the Redwood National forests.

LMSA-21

VETERANS' REEMPLOYMENT RIGHTS

1982 Actual		1983 Estimate		1984 Estimate		Increase or Decrease	
Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
48	$2,315,000	48	$2,529,000	48	$2,572,000	-0-	+$43,000

Introduction

The purpose of the Veteran's Reemployment Rights (VRR) activity is to ensure that those who serve their country in the interest of national defense do not lose their jobs and other employment benefits because of such military service. The request provides funds for salaries and expenses for the Office of Veterans' Reemployment Rights staff located in the national office and for field staff to process the complaint case workload.

Veterans, reservists, members of the National Guard, and others are provided assistance in obtaining reemployment, seniority, and other employment benefits to which they are entitled. Voluntary compliance is sought by informing employers and potential claimants of their responsilities under the law and by assisting eligible claimants in determining and exercising their rights. All specific complaints are investigated and, if determined to be meritorious, voluntary compliance by employers is sought. If voluntary compliance is not achieved the claimant may request that the claim be referred to the Department of Justice for consideration of litigation. While all claims must be referred to Justice if the claimants so request, VRR recommends litigation only on those claims believed to be meritorious.

1984 Budget Request

The budget request for 1984 is $2,572,000 and 48 positions, an increase of $43,000 and no positions over 1983. During 1984, it is planned that primary focus will continue to be the processing of bona fide veterans' claims in the order of the severity of the veterans' duties or potential hardship.

In addition, this program will continue to make every possible effort to resolve disputes amicably by using techniques of mediation and persuasion including, when absolute necessary, a face-to-face meeting chaired by an investigator.

1983

Plans are to utilize resources so that veterans, reservists and guard-members are advised of their reemployment rights, affected employers are informed of their obligations, and complaints are investigated and processed as quickly as possible. Veterans will be assisted in a priority system which provides assistance in accordance with their degree of distress or hardships. The program will continue to utilize techniques of mediation in order to achieve voluntary compliance and, when possible, will resolve multiple claims with a single investigation.

LMSA-22

1983 Accomplishments

During 1983, plans include the improvement of the quality of case handling, the reduction of the time and expense of processing non-meritorious cases to the Department of Justice, and increased efforts to achieve voluntary compliance.

1982

In FY 1982, VRR stressed the mediation approach to case processing which resulted in the amicable resolution of more than 90% of the cases processed during the year.

A monitoring system designed to identify and focus on cases which could be legally unenforceable because of unavoidable delays (laches) was initiated.

Veterans who presented an invalid unenforceable claim were so advised and their cases were not processed for Justice referral in order to permit investigators to work on enforceable claims. Cases were prioritized into a system which requires that the most critical claims are processed first and those involving relatively less important claims, such as vacation benefits, are pursued last.

WORKLOAD ACCOMPLISHMENTS

	1982 Actual	1983 Estimate	1984 Estimate
Investigative activities:			
Pre-case inquiries	24,969	27,050	28,500
Cases pending (beginning of year)	757	838	2,066
Cases Opened	2,240	2,350	2,200
Cases Processed	2,159	1,122	1,508
Cases Pending (end of Year)	838	2,066	2,758

Changes for 1984

Activity Changes:

Built-in:

Within-grade promotions	+$34,000
Rental of space	+4,000
Alterations and renovations	+17,000
Miscellaneous services	-10,000
Supplies	-2,000
Subtotal	+43,000
Net Program	- 0 -
Positions	- 0 -

ESA-22

FEDERAL CONTRACTOR EEO STANDARDS ENFORCEMENT

	1982 Actual		1983 Estimate		1984 Estimate		Change 1983/1984	
	Pos.	Amount	Pos.	Amount	Pos.	Amount	Pos.	Amount
Total Obligations	979	$42,555,000	979	$43,815,000	979	$47,393,000	—	+$3,578,000
Included above:								
Pay supplemental				($1,201,000)				

Introduction

The Office of Federal Contract Compliance Programs (OFCCP) enforces statutes and Executive Orders prohibiting employment discrimination by Federal contractors on the basis of race, sex, religion, national origin, handicapped, or veteran status. Specifically, it administers the implementing regulations of Executive Order 11246, as amended by Executive Order 11375; Section 503 of the Rehabilitation Act of 1973, as amended; and Section 402 of the Vietnam Era Veterans' Readjustment Assistance Act, as amended.

These equal employment opportunity programs are an integral part of the Federal procurement process. Executive Order 11246, as amended, requires Federal contractors to be nondiscriminatory in their employment practices, and to take affirmative action to ensure nondiscrimination because of race, religion, sex, and nation origin. Under the Sections 503 and 402 programs, qualified handicapped persons, disabled veterans, and certain other eligible veterans are likewise protected against discrimination. The basic enforcement tools continue to be the compliance review of contractor facilities and complaint investigations. When a finding of non-compliance is made based upon review or investigation of contractor practices, and if conciliation efforts with the contractor fail, sanctions may be applied after a hearing. This can include the removal of a contractor from eligibility to compete for Federal contracts until the contractor can demonstrate compliance, and suspension or termination of current contracts.

The following broad goals have been adopted by OFCCP to ensure equal opportunity by Federal contractors and to increase job opportunities for program beneficiaries:

- To reform the regulatory structure of the Federal contract compliance program and eliminate unnecessary paperwork burdens that have been placed on Federal contractors;
- To establish and maintain program objectives, standards and procedures which focus on the achievement of results;
- To maximize program resources and increase skill levels and productivity of compliance officers through training and effective management.

Other objectives of the program include:

- Seeking out and eliminating discriminatory employment practices of covered employers, using objective selection procedures for scheduling contractor establishments for compliance review;

- Resolving individual and group complaints promptly within the mandates of the statutes and orders;

- Coordinating programs within the Department and with other related public and private programs linking training with specific contractor job opportunities;

- Encouraging voluntary compliance and affirmative action through a broad network of public contacts and technical assistance to employers, employer groups, liaison groups of interested parties and the public, and through promulgation and implementation of concise, easily understood regulations.

OFCCP is participating in the ESA pilot project, initiated in FY 1982, to test the feasibility of utilizing Equal Employment Opportunity Specialists in the Federal Employees' Compensation Program. The program will be continued in FY 1983 and 1984. Under this pilot, OFCCP contacts FECA claimants to confirm their eligibility for benefits. OFCCP investigators verify that FECA claimants are not presently employed and are not physically able to work. OWCP selects and refers cases to the investigators. The FECA staff take the necessary follow-up actions upon receipt of the investigators' report.

1984 Budget Request

The resources requested for FY 1984 are $47,393,000 and 979 full-time equivalent staff years. This funding level reflects a continuation of the FY 1983 program level. It is expected that, overall, this level will permit increases in program measure outputs due to the improved procedures and anticipated regulatory changes, as well as continued internal and external management initiatives and more stringent supervisory performance standards. (Table 1 presents fiscal year 1982 actual program activities and estimates for fiscal years 1983 and 1984.)

The number of compliance reviews to be conducted is 5,010, a 35 percent increase over FY 1983. This accomplishment level reflects productivity gains expected to be realized from training; regulatory changes decreasing paperwork burdens and increasing the flexibility of the compliance process; and the management initiatives being undertaken in automated data processing support. Approximately, 2,761 complaints will be investigated and resolved in FY 1984; complaint inventories are expected to continue at a normal "pipeline" level.

RESPONSE OF THE DEPARTMENT OF LABOR TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. Have you received any of the quarterly reports from ACTION required in your interagency agreement with them? If so, please provide copies for the Committee.

Answer:

Attached is a copy of the first report received from ACTION. ACTION will be reporting employment-related activities accomplished by each of the Vietnam Veterans Leadership Program projects.

Question 2. When will the transfer of the Office of Veterans' Reemployment Rights be effected?

Answer:

The transfer of the Office of Veterans' Reemployment Rights (OVRR) was effected February 3, 1983. A copy of Secretary's Order 1-83' delegating the authority to administer the OVRR program to the Assistant Secretary for Veterans' Employment is attached.

Question 3. What is the nature of the interagency agreement between the Assistant Secretaries for Veterans' Employment and Employment and Training? Please supply a copy for the record. Describe the "new administrative/operational linkages" that have been designed.

Answer:

FY 1983 marks the first year in which the Assistant Secretary for Veterans' Employment assumed full responsibility for administration of the Disabled Veterans' Outreach Program (DVOP). The interagency agreement referred to (copy attached) outlines the roles and responsibilities of the respective agencies in this transition year. The transfer of responsibilities has resulted in new administrative/operational linkages primarily in the areas of financial management and program direction; the

interagency agreement describes those linkages. If necessary, the agreement will be revised for FY 1984.

Question 4. Has progress been made on the definition of a "reasonable" period of time to allow a reservist to be away from his/her regular employment annually and still have rights to reemployment? Have you convened a board of employers to advise on this? When will my staff be able to be briefed on your resolution of this matter?

Answer:

As a first step, I plan to rescind the restrictive policy which placed an across-the-board limit on reservist training to 90 days every three years. Our new guidelines call for working and evaluating each case on its own merits, and to examine each complaint based on an objective definition of: (1) the needs of the Reserve program, (2) the needs of the employer, and (3) the opportunities present for compromise on rescheduling of military training or the employer's work assignments.

As an aid toward determining the needs of the Reserve Forces--both on a broad scale and, where needed, on an individual case basis--we are currently in the process of forming a joint working group with the Department of Defense (DOD), which will include representatives from the National Committee for Employer Support of the Guard and Reserve.

Through the permanent work group with DOD we hope to provide a mechanism for input from all interested parties, including the U.S. Chamber of Commerce and the veterans or reservist

organizations. Their input will help address major issues affecting both reservists and regular veterans. At the same time, through DOD staff, we plan to address those instances of possible abuse of leave rights afforded members of the Guard and Reserve.

Our goal is to balance the needs of the total force concept of DOD while minimizing the adverse impact on American industry, particularly the small employer. We believe that our mandate from Congress is to strive for equity in the employment relationship between the reservist and his/her employer. We intend to do all we can to achieve this mandate.

Question 5. Have processes been set into motion to have Federal contractors report to the Secretary of Labor on the number of special disabled and Vietnam-era veterans hired annually?

Answer:

The Department is currently developing regulations to reflect the 38 U.S.C. 2012(c) requirements for Federal contractors to report annually to the Secretary on the number of special disabled and Vietnam-era veterans in their work force and hired during the reporting period. We plan to propose such regulations within 90 days.

Question 6. What sorts of regulatory changes do you anticipate in the Office of Federal Contract Compliance Programs?

Answer:

The regulations will be changed to include the newly established contractor annual reporting requirement and roles of the Veterans' Employment Service in dealing with complaints.

Question 7. How does the Office of Federal Contract Compliance Programs get funds? What is the Assistant Secretary for Veterans' Employment's role here?

Answer:

Funds for the Office of Federal Contract Compliance Programs are requested in the Employment Standards Administration's budget under the activity headed Federal Contractor and EEO Standards Enforcement. A memorandum of understanding between the Assistant Secretary for Veterans' Employment and the Employment Standards Administration is currently being developed concerning the respective roles to be fulfilled pursuant to the mandates of Title 38, U.S. Code.

Question 8. Please notify the Senate Veterans' Affairs Committee well in advance of the schedule for meetings of the Secretary's Committee on Veterans' Employment.

Answer:

The first meeting of the Secretary's Committee for Veterans' Employment is scheduled for March 24, 1983, at 10:00 A.M., in the Secretary's Conference Room. We will notify the Senate Veterans' Affairs Committee well in advance of all meetings.

Question 9. Have any regulations been promulgated since FY 1983 began by the Assistant Secretary for Veterans' Employment concerning programs in his jurisdiction? Are any in preparation?

Answer:

No regulations have been promulgated by this office since FY 1983 began. It is anticipated that regulations covering administration of Title IV C, Veterans' Employment Programs, of the Job Training

Partnership Act (JTPA) will be issued as proposed rulemaking by mid-March.

In addition, the veterans' services regulations at 20 CFR, Subpart C, which are currently administered by the Employment and Training Administration, will be revised, updated, and issued by the Office of the Assistant Secretary for Veterans' Employment to reflect revisions to the Wagner-Peyser Act and administration of the Disabled Veterans' Outreach Program (DVOP).

Question 10. Are any statistics available on the number of veterans placed in employment from efforts of these VES programs?

Answer:

We will keep the Committee advised concerning results of veterans' employment programs under JTPA when such programs become operational.

Question 11. Are any outreach programs to coordinate the Veterans' Administration, schools and employers contemplated or in effect? If so, please describe them.

Answer:

We have provided for outstationing of Disabled Veterans' Outreach Program (DVOP) staff in Veterans' Administration (VA) facilities. Our most recent figures indicate that 476 DVOP specialists are stationed at other than Job Service offices; most of these are with the VA. The state and local level VA/DOL agreements are to describe their coordination efforts with employers and other service deliverers. We are currently reviewing these agreements with the VA and will provide the Committee with a report of our findings.

Question 12. Did the FY 1984 budget submission include a separate listing of the proposed number of Disabled Veterans' Outreach Program Specialists (DVOP's)?

Answer:

The information requested had been forwarded in the Department's 1984 Budget Submission to OMB, it was not a part of the Congressional submission. The information has subsequently been provided for the record.

Question 13. Your budget request says you plan to fund DVOP's at 95 percent of their mandated strength in PL 96-466. How many DVOP's are currently in your employment?

Answer:

As of January 31, 1983, there were 1,974 DVOP specialists on board, 52 less than the 2,026 required by formula, approximately 2.6 percent below the required amount. Every effort is being made to bring the staffing up to the required levels. We are not planning to fund DVOP at 95 percent of their mandated strength. The FY 1984 request contains full funding for 2,026 positions required by the population formula.

Attachments

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

February 3, 1983

SECRETARY'S ORDER 1-83

SUBJECT: Delegation of Authority and Assignment of Responsibilities Under the Vietnam Era Veterans' Readjustment Assistance Act (P.L. 93-508) - Veterans' Reemployment Rights Program

1. Purpose. To delegate authority and assign responsibilities for carrying out functions and authority vested in the Secretary of Labor pursuant to the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93-508), and related predecessor veterans' reemployment statutes.

2. Background. Section 2025 of Title 38, U.S.C., assigns responsibility for the administration of the Veterans' Reemployment Rights Program to the Secretary of Labor. Since 1960, the Secretary's authority has been delegated to the Assistant Secretary for Labor-Management Relations, who administered the program through the Office of Veterans' Reemployment Rights. The Veterans' Compensation, Education and Employment Amendments of 1982 (P.L. 97-306), among other things, transfers authority and responsibility for administering the Veterans' Reemployment Rights Program to the Assistant Secretary for Veterans' Employment (ASVE).

3. Delegation of Authority and Assignment of Responsibilities

a. The Assistant Secretary of Labor for Veterans' Employment is delegated authority and assigned responsibility for carrying out the functions of the Secretary of Labor with respect to the Veterans' Reemployment Rights Program. Such responsibilities include but are not limited to the following:

(1) Developing and implementing the Secretary of Labor's policies required to administer and enforce the reemployment statutes.

(2) Initiating investigations upon receipt of complaints from veterans and reservists seeking reinstatement to their former employment positions and negotiating the settlement of disputes between veterans and their pre-service employers.

DISTRIBUTION: SO-1

(3) Cooperating and coordinating the litigation of cases referred for legal action with the Department of Justice through the Solicitor.

(4) Developing and promulgating performance standards, related to the conduct of the Veterans' Reemployment Rights Program.

b. The Assistant Secretary for Labor-Management Relations is responsible for making available on an interim basis through agreement or memorandum of understanding services as follows:

(1) Inquiry, investigative, negotiation, referral, and other staff support services to ensure a smooth and effective transfer of the caseload inventory of the Veterans' Reemployment Rights Program to ASVE.

(2) Management information system(s) for the reporting and processing of data pertinent to the effective administration of the program.

c. The Solicitor of Labor is delegated authority and assigned responsibility for:

(1) Providing legal advice and assistance to all officials of the Department who have responsibilities under this Order.

(2) Representing the Secretary of Labor and/or other DOL officials in legal proceedings under the Veterans' Reemployment Rights statutes.

4. Transfer of Resources. The Assistant Secretary for Administration and Management is responsible for assuring an orderly and equitable transfer of personnel and ceiling, funds, equipment, supplies, and records associated with administration of the Veterans' Reemployment Rights Program, and assuring consultations and negotiations as appropriate with representatives of exclusive bargaining unions.

5. Reservation of Authority. The preparation of reports to the President and the Congress, including appropriate recommendations, with respect to administration of the Veterans' Reemployment Rights Program is reserved for the Secretary.

6. Directive Affected. This Order supersedes paragraph 3a(8) of Secretary's Order 9-77 which otherwise remains in effect. Other Secretary's Orders inconsistent with the provisions of this Order are superseded to the extent of such inconsistency.

7. Effective Date. This Order is effective immediately for policy and planning purposes, and for implementation to the extent possible no later than 120 days from the date of this Order.

Raymond J. Donovan

Raymond J. Donovan

AGREEMENT
BETWEEN THE
OFFICE OF THE ASSISTANT SECRETARY FOR VETERANS EMPLOYMENT
AND THE
EMPLOYMENT AND TRAINING ADMINISTRATION

I. Purpose

This Agreement sets forth the roles and responsibilities of the Employment and Training Administration and the Office of the Assistant Secretary for Veterans' Employment for the administration of the Disabled Veterans' Outreach Program (DVOP) (Section 2003A, Chapter 41, Title 38, U.S. Code).

II. Background

The Veterans' Rehabilitation and Education Amendments of 1980 (Public Law 96-466) established the position of Assistant Secretary of Labor for Veterans' Employment as the principal advisor to the Secretary of Labor with respect to the formulation and implementation of all departmental policies and procedures to carry out (1) the purpose of Chapters 41, 42, and 43, Title 38, U.S. Code, (2) all other Department of Labor employment, unemployment, and training programs to the extent they affect veterans (2002A, Chapter 41, Title 38, U.S. Code), and (3) the Disabled Veterans' Outreach Program.

As a result of this legislative change, the Office of the Assistant Secretary of Labor for Veterans' Employment (OASVE), also assumed the administration of the Veterans' Employment Service (VES), formerly a component of the Employment and Training Administration (ETA). Secretary's Order 5-81, dated December 15, 1981, transferred the functions, resources and field personnel of VES to the newly created Office of the ASVE.

III. Parties to the Agreement

A. Office of the Assistant Secretary of Labor Employment and Training, hereinafter referred to as OASET.

B. Office of the Assistant Secretary of Labor for Veterans' Employment hereinafter referred to as OASVE.

IV. Provisions of the Agreement

This Agreement describes the roles and responsibilities for the proper and efficient administration of the Disabled Veterans' Outreach Program. Effective October 1, 1982 the OASVE and the OASET shall assume the responsibilities described in this agreement for the implementation of departmental policies relating to the Disabled Veterans' Outreach Program.

OASVE Responsibilities

That the ASVE shall be responsible for the development of all DVOP policy and operating guidelines.

That the DVOP if implemented through the State Job Service agencies will be pursuant to the approved plan established for the fiscal year.

That both financial and programmatic communications on DVOP with the State Job Service agencies will be issued through a separate OASVE directives system.

That the monitoring and evaluation of the DVOP shall be performed by the OASVE through the State Directors for Veterans' Employment (SDVE), in coordination with the State Job Service staff. Monitoring results shall be used by the State Job Service administrators to resolve DVOP operating problems; however, problems or disagreements which are not resolved at the State level will be elevated to the Regional Director for Veterans' Employment (RDVE), who shall resolve the issue. Formal situations or State Job Service corrective actions will be approved by the Assistant Secretary for Veterans' Employment.

That the OASVE will advise OASET of adjustments to the approved plan as may be necessary.

That the OASVE will request that the DVOP Report 61 (Status of Obligational Authority) of the Cost Accounting System (CAS) be sent directly to the Financial Management Advisor/OASAM in each region for entering expenditure data and for subsequent distribution of the report to the RDVE on a monthly basis. Other CAS reports, such as Report 94 (Program Activity Costs and Positions) or time distribution reports, may also be requested.

That the OASVE will advise the grantee by letter of the approved DVOP state plan and issue subsequent obligational authority to the grantee with administrative concurrence by OASAM with copy to OASET.

That the OASVE may request of OASET that modification be made to the program reporting system to obtain additional DVOP performance measures. Such changes would be subject to feasibility both in terms of timing and resource implications.

That the OASVE shall designate a liaison to manage the tasks of this agreement and to maintain program coordination and cooperation between the OASVE and OASET.

OASET Responsibilities

That the OASET shall continue to be responsible for including amounts for DVOP when issuing letters of credit for fiscal year 1983 to the State Employment Security Agencies.

That the OASET shall continue to provide the OASVE access to standard employment service automated reporting service data at the regional and the national office level necessary for program monitoring and/or budget development.

That the OASET will be responsible for reporting drawdowns of the States to Treasury on S.F.-224 and shall provide ASVE/OASAM not less than monthly copies of SF-183's and Report 61 and other pertinent reports for the purpose of providing expenditure and program performance data until such reports are sent directly to the ASVE/OASAM by the States.

That the OASET shall provide OASVE with 1983 planning documents for DVOP, as well as State salary rate changes as necessary, for budget formulation and to determine the need for use of the contingency fund.

That the OASET shall consider requests from OASVE for modifications to the program reporting system. Such changes would be subject to feasibility both in terms of timing and resource implications.

That the OASET shall designate a liaison to manage the tasks of this agreement and to maintain program coordination and cooperation between the OASET and the OASVE.

Other

The Office of the Assistant Secretary for Administration and Management will provide support to the OASVE in carrying out the financial management responsibilities contained in this agreement, including the issuance of allotments, agency limitations and recording of obligations and expenditures.

Expiration Date

This agreement will be in effect for fiscal year 1983.

Assistant Secretary
for Veterans' Employment

10-25-82
Date

Assistant Secretary
for Employment and Training

10-20-82
Date

MEMORANDUM

TO: William Plowden DATE: December 2, 1982

THRU: Vince Pagano

FROM: Edward Timperlake

SUBJECT: Vietnam Veterans Leadership Program (VVLP)

Since the Interagency Agreement between ACTION and the Department of Labor was executed, ACTION has approved grants to seven local VVLP programs and a cooperative agreement with Baltimore VVLP, Inc. to fund at least nine more VVLPs with DOL funds. The local VVLPs funded with DOL funds through ACTION grants are listed below:

Utah VVLP

Indiana VVLP

New Orleans VVLP

Columbus (Ohio) VVLP

Dallas VVLP

Old Dominion (VA) VVLP

Minneapolis VVLP

The local VVLPs funded by Baltimore VVLP, Inc., to date, under terms of the cooperative agreement between ACTION and Baltimore VVLP (standard operating procedure for administering cooperative agreement is enclosed) include the following:

Alabama VVLP

Niagara Frontier VVLP

Portland (Oregon) VVLP

South Carolina VVLP

Biographical sketches of the key volunteers in these programs are attached. We are still in the process of developing a management information system to track the progress of these programs. However, a copy of a draft reporting form for that purpose is also enclosed.

In addition, various press clippings are enclosed for information about the activities of previously developed programs.

FINANCIAL REPORT

PROGRAM	FUNDS APPROPRIATED	FUNDS OBLIGATED
(ACTION grants)		
Utah VVLP	$13,117.00	$ 52,490.00
Indiana VVLP	12,594.00	50,376.00
New Orleans VVLP	13,127.50	52,510.00
Dallas VVLP	—	52,510.00
Columbus (Ohio) VVLP	13,316.00	52,510.00
Old Dominion (VA) VVLP	13,127.00	52,510.00
Minneapolis VVLP	—	52,510.00
Subtotals	$65,281.50	$365,416.00
Baltimore VVLP		
(Subgrants)		
Alabama VVLP	13,127.50	52,510.00
Niagara Frontier VVLP	8,019.20	51,300.00
Portland (Oregon) VVLP	—	51,018.00
South Carolina VVLP	8,752.00	52,542.00
Subtotals	$29,898.70	$207,370.00
TOTALS	$95,180.20	$572,786.00
Amount remaining to be obligated by Baltimore VVLP		$277,214.00

If you require any further information, please contact me.

cc: Thomas W. Pauken

RESPONSE OF THE DEPARTMENT OF LABOR TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. You will note that under title IV-C of the Job Training Partnership Act--the provisions enacted based on legislation Chairman Simpson, Senator Thurmond, and I authored--you will have $9.4 million available for national programs to meet the needs of disabled, Vietnam-era, and recently separated veterans.

A. What plans do you have for the expenditure of these funds?

Answer:

Under Federal regulations which we expect to propose within 30 days, we plan to make most of those funds available for grants to States. The basic concept of the plan is to provide additional funds to those Governors who plan to give special priority to disabled and Vietnam era veterans for services made available under other Titles of the JTPA. Thus we hope to give greater incentive to the States to maximize veterans' participation in all JTPA programs, and serve needs which otherwise would not be met.

B. In distributing these funds, what emphasis will you place on the activities of community-based organizations?

Answer:

Our grant and contract approval guidelines will emphasize that the service provider selected be the best in relationship to the area needs assessment and activities planned to meet those needs. We would expect that CBOs with records of accomplishment in the employment and training field will be selected as the service providers under those guidelines.

C. Do you plan to carry out any national program activities directly from your office, rather than through contractors?

Answer:

We expect to conduct a nationwide public information and promotional program utilizing the in-house resources of the Department to the maximum extent possible.

Question 2. A. You note in your testimony that you have estimated an "increased population to be served under DVOP". Precisely what accounts for that increased population?

Answer:

Statistical surveys conducted by both the Veterans Administration and the Department of Defense have projected an increase in the veteran population of approximately 53,000. Based on the legislatively mandated formula, this would increase the number of DVOP positions by ten nationwide; one DVOP position for each 5,300 veterans. (Disabled and Vietnam era).

B. How many DVOP staff does your budget project for Fiscal Year 1984?

Answer:

Based on the "number of veterans formula," 2,036 DVOP specialists are required in FY 1984.

C. Section 306 of Public Law 97-306 amended Section 2006 of Title 38, U.S.C., to require that the Department of Labor budget include a separate "listing of the proposed number, by State, for disabled veterans outreach program

specialists..." It appears that requirement has not been complied with, and I would appreciate your providing such a listing for the record.

Answer:

The information requested had been forwarded in the Department's 1984 Budget Submission to OMB. It is projected that 10 positions in total will be added in 1984 due to the veteran population growth. The following regions, Atlanta, Dallas, Kansas and Denver will gain DVOP staff. A list by State is attached. (See Attachment #1)

Question 3. On page 6 of the attachment to your testimony, in the chart related to the funding level of various federally administered programs, veterans' employment programs--item "D"--would seem to indicate that no funding was available for these programs in fiscal year 1982 or fiscal year 1983. Wasn't funding made available under title III of CETA for similar initiatives in both those fiscal years and, if so, why isn't it reflected in this chart?

Answer:

Under CETA, in FYs 1982 and 1983, funding for veterans' employment programs was included in the "National Activities" account. The approximate amount in each FY was $1.3 million for such programs. Unlike CETA, the Job Training Partnership Act specifically authorizes veterans' employment programs to be administered by the Assistant Secretary for Veterans' Employment and therefore the funding is now specifically identified.

Question 4. Committee staff has been unable to identify in your testimony and its attachment what the level of funding is for the Office of the Assistant Secretary for Veterans Employment per se--that is, funding proposed for salaries and expenses, travel, and other items made available directly to your office.

A. Could you identify where in these documents funding for your Office is discussed?

B. [If not discussed] Please provide for the record, the proposed budget for youe Office.

Answer:

The salaries and expenses budget request for the Assistant Secretary for Veterans' Employment for FY 1984 is $9,613,000.

The breakdown by object class follows:

Personnel Compensation	$7,532,000
Personnel Benefits	821,000
Travel & Transp. of Persons	535,000
Transportation of Things	25,000
SLUC (Space)	4,000
Comm, Util. & Other Rent	138,000
Printing & Reproduction	18,000
Other Service	490,000
Supplies	48,000
Equipment	2,000
Total	$9,613,000

Question 5. In connection with the transfer of the Veterans Reemployment Rights program to your office, please provide for the record a copy of the Secretary's Order transferring jurisdiction over that program.

Answer:

A copy of the Secretary's Order is attached. (See Attachment #2)

Question 6. You indicated that your office is currently developing a memorandum of understanding concerning the respective roles of your office and the Office of Federal Contract Compliance Programs in connection with the affirmative action program for disabled and Vietnam-era veterans.

A. What is the timeframe for completion of that memorandum?

B. When it is completed, please provide a copy to the Committee.

Answer:

The draft memorandum of understanding between this office and the Office of Federal Contract Compliance Programs is being cleared within the Department. It is anticipated that the memorandum will be completed and signed no later than March 31, 1983. We will be pleased to furnish you with a copy of the completed memorandum.

Attachments (2)

ATTACHMENT #1

FY 1983 DVOP STAFFYEAR DISTRIBUTION

	TOTAL DISABLED VETERANS	DISABLED VIET ERA VETERANS	DISABLED RETIRED VETERANS	TOTAL VIET ERA VETERANS	FY83 DVOP STAFFYRS 1/
REGION I	162,923	33,184	5,966	940,000	124
CONNECTICUT	28,545	5,396	1,221	133,000	29
MAINE	13,627	3,627	754	48,000	11
MASSACHUSETTS	90,435	16,145	2,951	261,000	63
NEW HAMPSHIRE	12,060	3,995	807	35,000	8
RHODE ISLAND	13,215	2,761	515	41,000	9
VERMONT	5,041	1,260	228	21,000	4
REGION II	268,950	54,641	8,914	942,000	222
NEW JERSEY	74,862	13,705	2,883	305,000	69
NEW YORK	174,452	33,616	5,340	608,000	142
PUERTO RICO	19,236	7,320	691	49,000	11
REGION III	253,840	60,910	16,015	1,017,000	229
DELAWARE	5,785	1,678	355	24,000	5
DIST OF COLUMBIA	7,647	2,084	759	20,000	4
MARYLAND	38,333	10,338	3,287	194,000	43
PENNSYLVANIA	123,753	22,954	4,845	494,000	113
VIRGINIA	57,428	19,253	5,923	217,000	49
WEST VIRGINIA	20,917	4,599	876	64,000	15
REGION IV	423,708	114,472	33,794	1,414,000	321
ALABAMA	42,436	10,334	3,484	127,000	30
FLORIDA	138,145	37,305	11,930	375,000	92
GEORGIA	55,143	17,931	4,551	220,000	49
KENTUCKY	35,433	7,471	1,771	125,000	29
MISSISSIPPI	25,814	6,021	1,769	67,000	16
NORTH CAROLINA	56,846	16,513	3,972	210,000	47
SOUTH CAROLINA	27,190	8,552	3,338	119,000	26
TENNESSEE	42,791	10,285	2,972	169,000	38
REGION V	374,245	83,535	15,426	1,874,000	408
ILLINOIS	69,915	14,524	4,025	431,000	92
INDIANA	41,323	9,715	1,961	235,000	50
MICHIGAN	80,252	19,313	2,953	372,000	82
MINNESOTA	40,113	8,408	1,417	194,000	42
OHIO	102,220	21,801	3,991	459,000	100
WISCONSIN	40,422	9,772	1,479	192,000	42
REGION VI	273,855	80,472	20,004	917,000	211
ARKANSAS	28,181	6,406	1,643	83,000	20
LOUISIANA	37,168	8,403	2,591	132,000	30
NEW MEXICO	17,000	5,491	1,352	42,000	10
OKLAHOMA	34,211	10,875	2,199	130,000	30
TEXAS	152,207	49,324	12,143	530,000	121

FY 1983 DVOP STAFFYEAR DISTRIBUTION

	TOTAL DISABLED VETERANS	DISABLED VIET ERA VETERANS	DISABLED OTHER VETERANS	TOTAL VIET ERA VETERANS	FY83 DVOP STAFFYRS
REGION VII	99,953	22,254	5,571	492,000	107
IOWA	21,777	4,758	807	116,000	25
KANSAS	20,723	4,953	1,114	93,000	21
MISSOURI	43,901	9,407	2,642	214,000	47
NEBRASKA	13,551	3,138	751	69,000	14
REGION VIII	69,948	19,917	5,341	271,000	59
COLORADO	31,270	10,201	3,511	135,000	30
MONTANA	8,402	2,318	452	29,000	6
NORTH DAKOTA	5,511	1,251	199	16,000	3
SOUTH DAKOTA	6,515	1,754	264	17,000	4
UTAH	11,318	2,988	705	61,000	13
WYOMING	4,224	1,405	247	13,000	3
REGION IX	253,922	70,015	26,159	1,170,000	257
ARIZONA	34,159	9,988	3,307	109,000	25
CALIFORNIA	201,139	53,801	21,172	1,002,000	220
HAWAII	3,129	3,091	839	31,000	6
NEVADA	10,003	3,135	845	28,000	6
REGION X	84,297	20,668	6,519	374,000	82
ALASKA	3,329	1,482	281	15,000	3
IDAHO	8,704	2,251	559	34,000	7
OREGON	26,254	7,041	1,967	123,000	27
WASHINGTON	46,010	15,294	3,993	204,000	45
NATIONAL TOTAL	2,262,439	566,070	144,410	9,033,000	2,026

1/ Based on population formula. An increase of 10 positions is projected in 1984 due to population growth in Region IV (+5), VI (+3), VII (+1) and VIII (+1).

ATTACHMENT #2

U.S. DEPARTMENT OF LABOR

SECRETARY OF LABOR
WASHINGTON, D.C.

February 3, 1983

SECRETARY'S ORDER 1-83

SUBJECT: Delegation of Authority and Assignment of Responsibilities Under the Vietnam Era Veterans' Readjustment Assistance Act (P.L. 93-508) - Veterans' Reemployment Rights Program

1. Purpose. To delegate authority and assign responsibilities for carrying out functions and authority vested in the Secretary of Labor pursuant to the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (Public Law 93-508), and related predecessor veterans' reemployment statutes.

2. Background. Section 2025 of Title 38, U.S.C., assigns responsibility for the administration of the Veterans' Reemployment Rights Program to the Secretary of Labor. Since 1960, the Secretary's authority has been delegated to the Assistant Secretary for Labor-Management Relations, who administered the program through the Office of Veterans' Reemployment Rights. The Veterans' Compensation, Education and Employment Amendments of 1982 (P.L. 97-306), among other things, transfers authority and responsibility for administering the Veterans' Reemployment Rights Program to the Assistant Secretary for Veterans' Employment (ASVE).

3. Delegation of Authority and Assignment of Responsibilities

a. The Assistant Secretary of Labor for Veterans' Employment is delegated authority and assigned responsibility for carrying out the functions of the Secretary of Labor with respect to the Veterans' Reemployment Rights Program. Such responsibilities include but are not limited to the following:

(1) Developing and implementing the Secretary of Labor's policies required to administer and enforce the reemployment statutes.

(2) Initiating investigations upon receipt of complaints from veterans and reservists seeking reinstatement to their former employment positions and negotiating the settlement of disputes between veterans and their pre-service employers.

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(3) Cooperating and coordinating the litigation of cases referred for legal action with the Department of Justice through the Solicitor.

(4) Developing and promulgating performance standards, related to the conduct of the Veterans' Reemployment Rights Program.

b. The Assistant Secretary for Labor-Management Relations is responsible for making available on an interim basis through agreement or memorandum of understanding services as follows:

(1) Inquiry, investigative, negotiation, referral, and other staff support services to ensure a smooth and effective transfer of the caseload inventory of the Veterans' Reemployment Rights Program to ASVE.

(2) Management information system(s) for the reporting and processing of data pertinent to the effective administration of the program.

c. The Solicitor of Labor is delegated authority and assigned responsibility for:

(1) Providing legal advice and assistance to all officials of the Department who have responsibilities under this Order.

(2) Representing the Secretary of Labor and/or other DOL officials in legal proceedings under the Veterans' Reemployment Rights statutes.

4. Transfer of Resources. The Assistant Secretary for Administration and Management is responsible for assuring an orderly and equitable transfer of personnel and ceiling, funds, equipment, supplies, and records associated with administration of the Veterans' Reemployment Rights Program, and assuring consultations and negotiations as appropriate with representatives of exclusive bargaining unions.

5. Reservation of Authority. The preparation of reports to the President and the Congress, including appropriate recommendations, with respect to administration of the Veterans' Reemployment Rights Program is reserved for the Secretary.

6. Directive Affected. This Order supersedes paragraph 3a(8) of Secretary's Order 9-77 which otherwise remains in effect. Other Secretary's Orders inconsistent with the provisions of this Order are superseded to the extent of such inconsistency.

7. Effective Date. This Order is effective immediately for policy and planning purposes, and for implementation to the extent possible no later than 120 days from the date of this Order.

Raymond J. Donovan

Raymond J. Donovan

Chairman SIMPSON. Let the record disclose that there were some additional questions for Administrator Walters submitted by Strom Thurmond and questions by Senator Stafford who is ill today or would certainly have been here. I know of his interest in this committee, and his questions will be submitted to the Veterans' Administration personnel for response in the record, and now the veterans' groups, please, who are patiently still with us—Phil Riggin.

Mr. LYNGH. Bob Lyngh for Phil Riggin.

Chairman SIMPSON. Phil is not here. I knew you were going to be here—Bob Lyngh, Director of National Veterans' Affairs and Rehabilitation Commission of the American Legion; Don Schwab, Director of the National Legislative Service of the Veterans of Foreign Wars of the United States; and Charles E. Joeckel, Jr., Deputy National Legislative Director, accompanied by Ron Drach, National Employment Director of the Disabled American Veterans.

It's always good to see you, and we appreciate any comments you have on the presentation of this budget, and I might just proceed in the order on the agenda there. That would be Bob. You would be first.

TESTIMONY OF A PANEL OF REPRESENTATIVES OF VETERANS' ORGANIZATIONS CONSISTING OF: ROBERT E. LYNGH, DIRECTOR, NATIONAL VETERANS' AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION; DONALD H. SCHWAB, DIRECTOR, NATIONAL LEGISLATIVE SERVICE, VETERANS OF FOREIGN WARS OF THE UNITED STATES; AND CHARLES E. JOECKEL, JR., DEPUTY NATIONAL LEGISLATIVE DIRECTOR, ACCOMPANIED BY RONALD W. DRACH, NATIONAL EMPLOYMENT DIRECTOR, DISABLED AMERICAN VETERANS

Mr. LYNGH. Thank you, Mr. Chairman. The American Legion appreciates the opportunity to present its views following an initial appraisal of the President's proposed budget for the VA for fiscal year 1984.

For fiscal year 1984 the President has proposed for the VA budget authority of $26 billion, up $1.1 billion from fiscal year 1983, and budget outlays of $25.6 billion, up $1.3 billion from fiscal year 1983.

It is the opinion of the American Legion that these are reasonable increases and that they reflect the needs for the funding of veterans' programs in the face of a continuing inflation rate of 4 percent and in difficult times for the operations of the Federal Government.

The American Legion is pleased and appreciative of the consideration the administration has given to the Nation's veterans at this time, and let us say that if we consider the allocations for the VA to be reasonable, we must go on to say that it would not be possible to fund veterans' programs at any lesser amounts if they are to fulfill the purposes for which they were set in place.

According to our initial calculations, the VA budget will approximate 2.9 percent of the total Federal budget. We do not believe that that is an unreasonable amount for the Nation to spend on veterans' programs. The percentage spent on veterans has continued to decrease consistently since the end of the Vietnam war.

The American Legion is appreciative of the proposed 5.1-percent increase in compensation for the service disabled, and it is expected the indexation of the pension program will result in a 5.1-percent increase in that benefit program.

The budget indicates the administration will submit legislation that would defer the 5.1-percent increase for comp and pension for 6 months, and we understand that this is in accordance with the President's proposal to Congress that all Federal entitlement programs be deferred for 6 months as a cost-saving measure. The American Legion does not want to see these deserving and needy elements of the veteran population deprived of benefits they clearly need. The American Legion is also aware of the serious fiscal problems that confront the Federal Government and that both the President and Congress must deal with.

For that reason, and because veterans are perhaps the most responsible element of the American social structure, we of the Legion will accept the 6-month delay in needed increase in the entitlement programs with one very important proviso. There is only one way that veterans can be asked to make such a direct personal sacrifice, and that is if the same sacrifice is asked of and accepted by all other categories of Federal beneficiaries. If either the administration or the Congress begins to make exceptions to this plan, then the Legion's position is that veterans should be the first to be excepted.

It is the position of the American Legion that no other category of Federal beneficiaries has an equal claim upon the Government as do the Nation's veterans who have already made the greatest contribution to the national welfare through military service in time of war.

We note one benefit program that has a particular need that is not addressed by the proposed budget. That need is a cost-of-living increase in the subsistence allowance for those veterans in training in the vocational rehabilitation and readjustment programs. These subsistence allowances were last adjusted by Public Law 96-466 and were effective on January 1, 1981. It is estimated that during the past two years the cost of higher education has increased 15 percent. The current subsistence allowances do not reflect that escalation.

If the Government is to complete its responsibility for the readjustment of the returning service men and women of the Vietnam era, then it must make the necessary adjustment in the subsistence allowances.

There is another benefit concerning which we must speak to the committee and that is the burial benefit. This benefit, previously made available to the survivors of all honorably discharged war veterans, was lost in the Omnibus Budget Reconciliation Act of 1981. The American Legion objected to that loss at the time it was accomplished. It was wrong to take that benefit away from veterans, and it should be restored as a matter of equity on the part of the Government.

Mr. Chairman and members of the committee, in this statement we have commented only superficially on the comprehensive budget proposals of the Administration for the Veterans' Adminis-

tration. We commend our full statement to the committee's attention.

We of the American Legion say again as we have said before that the concern of the Nation as expressed by the Congress for the welfare of those who have served will inevitably have an effect on the enthusiasm with which American men and women will respond to future calls to hazardous service in the national interest.

For that reason, the VA budget is certainly one of the most important to which the Congress will address itself during this year.

We thank the committee for its attention.

Chairman SIMPSON. Thank you very much.

[The prepared statement of Robert E. Lyngh, National Veterans' Affairs and Rehabilitation Commission, the American Legion, follows:]

PREPARED STATEMENT OF ROBERT E. LYNCH, DIRECTOR, NATIONAL VETERANS AFFAIRS AND REHABILITATION COMMISSION, THE AMERICAN LEGION

Mr. Chairman and Members of the Committee:

The American Legion appreciates the opportunity to present its views, following an initial appraisal of the President's proposed Budget for the Veterans Administration for Fiscal Year 1984.

For Fiscal Year 1984, the President has proposed for the Veterans Administration Budget Authority of $26,083 billion, up $1,122 billion from FY 1983; and Budget Outlays of $25,696 billion, up $1,309 billion from FY 1983.

It is the opinion of The American Legion that these are reasonable increases, and that they reflect the needs for the funding of veterans programs in the face of a continuing inflation rate of 4% and in difficult times for the operations of the Federal Government.

The American Legion is pleased and appreciative of the consideration the Administration has given to the nation's veterans at this time. There are certain specific areas of need for consideration to which we would like to direct the Committee's attention.

And let us say at the outset that if we consider the allocations for VA to be reasonable, we must go on to say that it would not be possible to fund veterans programs at any lesser amounts if they are to fulfill the purposes for which they were set in place.

According to our initial calculations, the VA Budget will approximate 2.9% of the total Federal Budget. We do not believe this is an unreasonable amount for the nation to spend on veterans programs. The percentage spent on veterans has continued to decrease consistently since the end of the Vietnam War. As the veteran population continues to decrease, the cost of veterans programs can be expected to continue to decrease, in proportion to the total Federal Budget, with the notable exception of veterans medical care, which does in fact face the prospect of meeting the needs of an increasingly older veteran population, as the World War II generation passes the age of 65. The 5 million surviving Korean War veterans are now in their mid-fifties, and the Vietnam Era generation is already at an average age of 32. All of these generations of veterans are already making demands of the VA medical care program, and their needs for health care must be met.

DEPARTMENT OF VETERANS BENEFITS

The direct benefit programs administered by VA will consume 60.5% of the total VA Budget. These are for the most part the entitlement programs that must be funded, and they are meeting real needs of the veteran population they are intended to serve.

The American Legion is appreciative of the proposed 5.1% increase in compensation for the service disabled; and it is expected the indexation of the pension program will result in a 5.1% increase in that benefit program.

The Budget indicates the Administration will submit legislation that would defer the 5.1% increase for both compensation and

pension for six months, and we understand this is in accordance with the President's proposal to Congress that all Federal entitlement programs be deferred for six months as a cost saving measure.

The American Legion does not want to see these deserving and needy elements of the veteran population deprived of benefits they clearly need. The American Legion is also aware of the serious fiscal problems that confront the Federal Government, and that both the President and Congress must deal with.

For that reason, and because veterans are perhaps the most responsible element of the American social structure, we of the Legion will accept the six month delay in needed increase in the entitlement programs - with one very important proviso. There is only one way that veterans can be asked to make such a direct personal sacrifice, and that is if the same sacrifice is asked of and accepted by all other categories of Federal beneficiaires. If either the Administration or Congress begins to make exceptions to this plan, then the Legion's position is that veterans should be the first to be excepted. It is the position of The American Legion that no other category of Federal beneficiary has an equal claim upon the Government as do the nation's veterans who have already made the greatest contribution to the national welfare, through military service in time of war.

We note one benefit program that has a particular need that is not addressed by the proposed Budget. That need is a cost-of-living increase in the subsistence allowance for those veterans in training in the vocational rehabilitation and readjustment programs.

These subsistence allowances were last adjusted by Public Law 96-466, and were effective on January 1, 1981. It is estimated that during the past two years the cost of higher education has increased 15%. The current subsistence allowances do not reflect that escalation.

If the Government is to complete its responsibility for the readjustment of the returning service men and women of the Vietnam Era, then it must make a necessary adjustment in the subsistence allowances. We realize full well this is a bad time to be talking about increasing benefits. But there is a question of fairness involved here. It is not the fault of the Vietnam veterans that the cost of government has zoomed sky high. And this Government has an obligation to them, since it took them into service, and sent them to do a job that a lot of people didn't want to do.

VA projects a drop in the number of veterans in training under what is commonly referred to as the GI Bill, of 150,000 veterans, to an enrollment of 533,000. These veterans are completing their training, and passing their delimiting date now at a rapid rate. This is a deescalating program. Cost is estimated to reduce by $295 million in FY 1984. That being so, a cost-of-living adjustment for those still in training is strongly indicated, and The American Legion hopes the Committee will address this problem.

And there is another matter we wish to bring to the Committee's attention in regard to readjustment training. The Administration proposal would terminate advance funding educational assistance allowances for FY 1984, at a saving of $15.6 million. We submit to

the Committee this is not a good place to save. This fund provides for advance payments to veteran students at time of enrollment. In many instances it may be the determining factor as to whether the veteran can in fact enroll and continue with his education. Most of these veterans have by this time acquired family responsibilities. It is hard enough for them to continue their training as it is. The advance payment of subsistence oftentimes is the difference between continuing and dropping out. We ask the Committee to continue this funding for this well worthwhile purpose.

The proposed Budget would also eliminate correspondence training, as has been proposed in earlier Budget submittals by more than one Administration. The only thing the Legion has to say about this is that there are veterans who can only participate in training on a correspondence school basis. It would be wrong to deprive them of their opportunity. We do favor strict controls on this form of training, to avoid abuse; but we do see a continuing need for the program, for a restricted number of veterans. The saving effected by elimination of correspondence training would be less than $5 million, which is not a considerable amount in a Budget exceeding $25 billion.

There is another benefit concerning which we must speak to the Committee, and that is the burial benefit. This benefit, previously made available to the survivors of all honorably discharged war veterans, was lost in the Omnibus Budget and Reconciliation Act of 1981. The American Legion objected to that loss at the time it was accomplished. It was wrong to take that

benefit away from veterans, and it should be restored, as a matter of equity on the part of the Government.

We say, as we have said before, that with the exception of the home loan guaranty (which is not a cash benefit), the burial benefit is the single benefit shared by virtually every honorably discharged war veteran. It is a fact that more than half the veteran population never receives any benefit or recognition for service. Most veterans are not disabled, and only about half the veteran population uses the GI Bill program. Most veterans, following service, look after themselves, as they did before service. So, in all those millions of instances, the only recognition received for service has been the burial benefit - $300, to be used to assure a dignified burial for all veterans. Now this benefit has been eliminated from being paid, except where, in effect there is a need shown - compensation and pension recipients, and the indigent. That is not fair. The Legion said it was not fair when it was taken away, and it is still not fair. The American Legion petitions the Committee at this time, to support legislation restoring this benefit as a recognition of honorable service rendered by those who are not otherwise recognized. There will be in excess of 360,000 veteran deaths during FY 1984, and 95% of those will receive no monetary benefit to facilitate their burial.

The proposed Budget for the Department of Veterans Benefits, projects a loss of 419 Full Time Equivalent Employees for that Department for FY 1984. In FY 1982, DVB lost 759 FTE, and in FY 1983, 404. With the loss projected for FY 1984, that will be a

total loss of 1,582 DVB personnel through three fiscal years. We are informed by VA these losses have been and will be spread throughout the Department - that is, through the 58 Regional Offices. Our concern with this is that it is not possible for DVB to experience personnel losses of such magnitude without a resulting delay in delivery of benefits and services. Such delays mean added hardship for service disabled, pensioners and survivors. In these times of general economic hardship, we do not believe it is right to add to the problems of these poor people. The American Legion petitions the Committee that there should be no further loss of DVB personnel for FY 1984.

DEPARTMENT OF MEDICINE AND SURGERY

There is no question that the most sensitive area of the VA Budget is to be found in the medical care program. This is because, unlike the entitlement programs, that are statutory in nature, the strength and vitality of the medical care program depends directly on the allocation of funds by Congress. There is also a lot of controversy about veterans medical care - in such areas as who and how many veterans should be treated, and the quality of treatment they are getting.

Most of what the Administration has proposed for the Department of Medicine and Surgery, we like. The Budget proposes $8 billion for FY 1984, up $383 million. We wish there could be some additional funding in certain areas, but in the vast and extremely complex program that is encompassed by the Department of Medicine and Surgery, we believe the agency can maintain a viable program

that will care for the service disabled, and for most of those veterans who will turn to VA for medical care on the basis of need.

We note that average employment in DM&S will increase in FY 1984, by 2,306 to 190,544; and that this will increase the staff to patient ratio, systemwide to 2.27. We certainly do approve of that. The staff to patient ratio in the VA system falls short of that found in the private sector, and far short of that found in university hospitals. But improvement is improvement, and we are glad of that.

We also commend the Administration pledge to continue emphasis on high-priority programs, for aging, alcoholism, spinal cord injury, delayed stress and the health of former POWs.

The Budget calls for activation of one additional Geriatric Research, Education and Clinical Center. There are eight such Centers now functioning. The American Legion, through on-site surveys has satisfied itself that these Centers are doing important work for the benefit of veterans, and indeed, of all aging persons. Public Law 96-330 authorized seven additional GRECCs, but these have not been funded. We are anxious to see these additional GRECCs funded as soon as possible, and though the addition of one in FY 1984 is encouraging, we would really like to see them funded even more rapidly. We believe the direct benefits to veterans, and the population generally will be visibly and quickly manifest as these Centers become active.

VA projects treatment of 1.2 million patients in medical centers during FY 1984, and an increase of 124,000 outpatient visits

to 18.2 million. VA keeps telling us that the decrease in inpatient care is occasioned by the coincidental increase in outpatient care. We accept that explanation - to a point. We are also aware, through information from our Service Officers, that more and more older veterans are experiencing catastrophic illnesses that require acute inpatient care. We are anxious that none of these veterans who need such care, and who have need to turn to VA, shall be turned away. DM&S is now down to 79,800 acute care beds, and projects loss of an additional 800 during the next fiscal year. If we begin to get reports from our Service Officers that veterans who need care are being turned away for lack of available beds, we will seek the opportunity to approach the Committee with our concerns.

We do approve the planned increase of 300 nursing care beds to 9,900. Nursing Home Care Units in the VA system are universally used to capacity, and most of them have waiting lists, so a consistent increase in this type of bed is strongly indicated.

Research funds for FY 1984 are projected to increase by $1 million, to $156. This is encouraging because FY 1983, the current fiscal year marked a turnaround following a reduction of funds for this important aspect of medical activity. It is agreed by all that VA cannot continue to provide high quality medical care to veterans without a strongly funded research program. Much of the research in which VA engages is basic research that advantages not just veterans, but which advances medical science and is of direct benefit to the entire human race. And of equal importance is the fact that a strong research program ensures the recruitment and retention of

high quality physicians into VA service. This fact was proven during recent years, when serious underfunding of VA research led to the loss of many good physicians who took employment elsewhere where they could pursue research. We hope the Congress will not let such a situation develop again. The increase of $1 million for research in FY 1984, is modest indeed. Also projected is a loss of 170 research personnel to a systemwide total of 4,215. We do not know how these reductions will be accomplished, but we are concerned, because we see a need not for a reduction, but rather for an increase of available personnel for the research activities.

There is another matter relating to medical care we would like at this time to mention to the Committee, and about which we would urge close Committee surveillance. DM&S is planning a test program for a six month period, restricted to one medical district, to treat CHAMPVA beneficiaries in VA facilities. This will be in District 23, which has eight medical centers. The ultimate goal, of course, is cost containment, in view of the increasing costs of the CHAMPVA program. Our concern is that such an initiative, if it is implemented systemwide, should not result in denial of needed care to veterans through overcrowding or lack of sufficient facilities. In the VA system veterans must come first - they are the ones for whom the system was established. We await the results of the test. We will be watching very closely, and if problems develop, we will approach the Committee. In saying this, we realize that Congress has given VA statutory authority to do this. But we believe that everyone should remember that veterans must come first.

Recently we had a briefing by the Chief Medical Director concerning DM&S ability and planning to care for the increasing number of women veterans. DM&S believes, and our current perception is that VA has sufficient facilities and resources to provide care to women veterans who will need and apply for such care. We are pleased that VA is demonstrating a satisfactory sensitivity to this matter. It is a fact the number of women veterans is increasing. More of them will seek to use the VA system. We urge the Committee to carefully oversight this activity, and if additional statutory authority is needed to enable VA to provide for any special needs of women veterans, that such authority be promptly provided. We might note in passing that The American Legion has accepted women veterans into membership since its founding in 1919, and we have always and will continue to have a direct concern that they receive the full measure of consideration from the Government that is accorded to male veterans.

The Medical Administration and Miscellaneous Operating Expenses (MAMOE) account will apparently support the automated data processing decentralization efforts of DM&S. In this regard we wish to say the computerization of DM&S has been too long delayed - to some extent due to confusion and jurisdictional disputes within the agency that are no credit to VA. - The VA medical care program lags far behind the private sector in using automated data processing techniques to deliver state of the art care to patients. We hope the Committee will closely oversight this activity to assure substantial progress during FY 1984.

Public Law 97-72 provides authorization for an annual grant of $500 thousand to the Veterans Memorial Medical Center in the Philippines Republic to assure continued effective care and treatment of U.S. veterans in that hospital. The American Legion supported enactment of PL 97-72, and we support the annual grant to the veterans hospital at Manila. There are thousands of United States veterans in the Philippines who served in the United States Armed Forces during World War II. Our nation has a direct obligation to look to their welfare, as it does for the veterans in this country.

CONSTRUCTION PROGRAMS

In the Administration's Budget, Construction Programs are recommended for an increase of $319 million to a total of $868 million. Of this increase, $293 million is allocated to the medical care program.

May we say at the outset of comment on this budget item that we are gratified the construction funds budgeted include $245 million for the replacement hospital at Minneapolis. Of all the replacement hospitals included in the VA planning process, none has been more thoroughly debated, considered and reconsidered than the Minneapolis hospital. The American Legion kept telling Congress, and the Administration that the replacement was in fact needed. Our information is based on site visitations by personnel of the Legion's national staff, and documentation provided by the Minnesota American Legion. All the delay that has occurred has been unnecessary. The replacement hospital was needed when it was first planned, and it

is still needed. The only thing that has happened in the interval, and during the protracted debate is that the cost of construction has continued to increase. In any event, the Administration now recommends the replacement be funded, and the Legion says let us by all means go forward with this project. It is now long overdue.

We have taken opportunity to review, in at least a preliminary way, the replacement and renovation projects scheduled for FY 1984. Based on the work of our Field Representatives who make regular on-site visits to all of these facilities, we can assure the Committee all of the work scheduled is needed, and much of it is long overdue.

One of the most recent problems coming to our attention, for example, is the number of facilities still using old, outdated, and failing telephone systems. Some of them are so old that emergency service cannot be assured. This is terrible in a modern medical system such as that operated by VA. We expect there will be some progress made in this and other aspects of needed modernization, with the funds recommended by the Administration for construction. We urge the Committee to recommend full funding for all these activities. They are absolutely essential if VA is to practice modern medicine in caring for veterans.

Mr. Chairman, and Members of the Committee, in this statement we have commented only superficially on the comprehensive budget proposals of the Administration for the Veterans Administration. We have spoken to those things we believe to be of highest priority in an agency all of whose activities are of high priority, because

they are intended to respond to the needs first of those who were disabled in war service, and then to the reasonable needs of all those who served honorably when called to do so by the nation.

America lives in a dangerous world. Today, while we are not involved in war, American servicemen again are stationed in areas where hostilities are underway. It is impossible to tell when new American war veterans may be created.

We of The American Legion say again, as we have said before, that the concern of the nation, as expressed by the Congress, for the welfare of those who have served, will inevitably have an effect on the enthusiasm with which American men and women will respond to future calls to hazardous service in the national interest. For that reason, the VA Budget is certainly one of the most important to which the Congress will address itself during this year.

We thank the Committee again for the opportunity to present our views.

Chairman SIMPSON. And now, Don Schwab—you notice the light was not even on. I'm watching you, though. You know that. You are very attentive.

Mr. SCHWAB. My name is Donald H. Schwab, and it is my privilege to serve the 1.9 million men and women of the Veterans of Foreign Wars as their legislative director, and I thank you for the privilege of appearing here to present our views on the VA budget for fiscal year 1984.

The VA budget at $25.69 billion in outlays is an increase of $1.3 billion over the current fiscal year. We believe, Mr. Chairman, that this proposed budget reconfirms the President's commitment to our Nation's veterans.

That is not to say, however, we do not have some concerns. We are pleased with the increase in medical care. We are pleased with the large increase in construction programs. We are disappointed in the decrease in personnel in medical and prosthetic research.

Without question, the most sensitive portion of this proposed budget is the 6-month delay of cost-of-living increases for veterans in the compensation program, their survivors in the DIC program, and veterans and their survivors in receipt of a pension. As has been previously stated, we believe our Nation's veterans will support this delayed increase so long as it applies to all other Federal beneficiaries. If any other Federal beneficiaries are exempted from this deferral, then we will object in the strongest possible terms to our disabled veterans and their survivors being denied such timely increase in compensation.

We are concerned, Mr. Chairman, with the reduction in the average daily census in the VA hospitals of 1,000. We question the wisdom at this time of reducing domiciliary care by $4.1 million, 110 FTEE's and 400 beds. Also, reductions in the outpatient fee program and the contract hospital care program. We cite the increased need for all types of care by the aging veteran and the growing number of women veterans who require specialized care not readily available in all VA facilities.

Mr. Chairman, it is unfortunate that no provision is made in this budget for an increase for those availing themselves of educational benefits under the GI bill. As has been previously said, the last increase was granted by Public Law 96-466. It was a two-step increase with 5 percent in October 1980 and 5 percent in January 1981. Dorothy Starbuck has previously indicated in the budget briefing that they intended to request a cost-of-living increase in this area in the 1985 budget, but of course we will then be talking about the 1984-85 school year.

The VFW opposes the elimination of correspondence training for Vietnam veterans, particularly those who are severely disabled and housebound, those serving on ships at sea, and those serving in remote and isolated places who have no other way to advance their education at the present time.

Mr. Chairman, as previously stated, and all things considered, the proposed budget is an extremely good one in view of the deep cuts proposed in other budgets, and I might mention at this point that eight other Federal functions are going to be cut $22.5 billion in the 1984 budget, while the VA budget is going up over $1 billion. The enormous growth of Federal spending must be trimmed or we

place all of our programs in jeopardy. They will soon become prohibitively costly, and the enormous growth of spending is most graphically illustrated when one considers that the deficit for 1984 at $188.8 billion is more than the entire Federal budget for 1969 which was $184.5 billion in outlays. This concludes my summary, Mr. Chairman.

I will be happy to respond to any questions you may have.

Chairman SIMPSON. Thank you very much, Don.

[The prepared statement of Donald H. Schwab, Director, National Legislative Service, Veterans of Foreign Wars of the United States, follows:]

VETERANS OF FOREIGN WARS OF THE UNITED STATES

OFFICE OF THE DIRECTOR

PREPARED STATEMENT OF

DONALD H. SCHWAB, DIRECTOR
NATIONAL LEGISLATIVE SERVICE
VETERANS OF FOREIGN WARS OF THE UNITED STATES

BEFORE THE

COMMITTEE ON VETERANS' AFFAIRS
UNITED STATES SENATE

WITH RESPECT TO THE PROPOSED FISCAL YEAR
1984 VETERANS ADMINISTRATION BUDGET

WASHINGTON, D. C. FEBRUARY 16, 1983

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

Thank you for the privilege of appearing before this distinguished Committee to present the views of the Veterans of Foreign Wars of the United States.

My name is Donald H. Schwab, and it is my privilege to serve the more than 1.9 million men and women of the Veterans of Foreign Wars as their National Legislative Director.

The budget proposed by the President of the United States for the Veterans Administration is $26.08 billion in budget authority and $25.69 billion in outlays. Respectively these figures represent an increase of $1.1 billion or 2.89 percent of the federal budget of $900.1 billion in budget authority and an increase of $1.3 billion or 3.02 percent of the federal budget of $848.5 billion in outlays.

Permit me to state at the outset, Mr. Chairman, that in our opinion this proposed budget reconfirms the President's commitment to our nation's veterans as did his original budget submitted to Congress last year, but rejected by the Budget Committees of both the Senate and House of Representatives. This is not to say, however, that certain areas do not cause us concern.

The medical care portion of the budget is $8.07 billion in budget authority, an increase of $383 million, and $7.98 billion in outlays, an increase of $417 million over the current fiscal year. This additional funding provides for an increase in average employment of 2,306 personnel and raises the staff to patient ratio to 2.27 to 1 overall and in surgical bed sections to 2.97 to 1.

Although medical and prosthetic research at $156 million in budget authority and $153 million in outlays represents an increase of $1.4 million in budget authority and $1.3 million in outlays, it is regretted that budgetary constraints require a reduction in average employment of 170 personnel in this most important function.

Beneficiary travel for eligible veterans requiring treatment at VA facilities would be increased $6 million for a total budget in this area of $91.2 million which should be adequate.

Mr. Chairman, the proposed budget for major and minor construction at $868.2 million in budget authority and $673.6 million in outlays represents an increase of $319.1 million and $195.5 million respectively which is not only a substantial increase over the current year but the highest construction budget in the history of the Veterans Administration. Needless to say, we are delighted that the proposed budget includes funding for an 845 bed replacement hospital in Minneapolis, Minnesota, substantial modernization of the Biloxi and Gulfport, Mississippi facilities and nursing care homes of 60 beds at Loma Linda, California, 240 beds

at Lyons, New Jersey, 120 beds at Miami, Florida, 120 beds at Northport, New York, 60 beds at Providence, Rhode Island and 120 beds each at San Francisco and West Los Angeles, California. Not only will this construction remedy an untoward situation in Minneapolis and alleviate the rapidly increasing need for nursing care beds, but provide considerable employment in the areas listed.

Mr. Chairman, without question, the most sensitive portion of the proposed budget is the six month delay in cost-of-living increases in the compensation, Dependency and Indemnity Compensation and pension programs. It is proposed that the 5.1 percent pension increase be delayed until December 1, 1983, and that the 5.1 percent increase in compensation and DIC be deferred until April 1, 1984. In this one instance the President has asked veterans and their survivors, as all other beneficiaries of federally funded programs, to make this sacrifice and contribution to curbing the escalating annual deficit now projected at $188.8 billion for the fiscal year 1984. These delayed cost-of-living increases will, without question, require a belt tightening on the part of some, but, in our opinion, our patriotic veterans who fought for this nation during periods of war and hostility will stand just as ready to do their share in fighting the anticipated huge deficits in this and the out years to maintain the integrity of their programs. However, Mr. Chairman, should any federal beneficiaries be exempted from the deferral in cost-of-living increases, then we would object in the strongest possible terms to our disabled veterans and their survivors being subjected to a delayed COLA.

Mr. Chairman, we are deeply concerned with the projected decrease in the average daily census in Veterans Administration hospitals of 100,000 patients. Although we realize that the average length of stay of patients in VA hospitals has been reduced over the years, the veteran population is rapidly aging and re-

quiring more care. We question also the wisdom at this time of reducing domiciliary care by $4.1 million and 110 FTEE's, the outpatient fee program by $9.6 million and contract hospital care by $2.8 million. Again, we cite the increased need for all types of care by aging veterans and the growing number of women veterans who require specialized care not readily available in all VA facilities.

Another area of concern, Mr. Chairman, is the continual decline in average employment within the Department of Veterans Benefits which is to be reduced by 419 personnel from the current year down to 14,404. The reduction of personnel in DVB can only result in far less timely service to claimants at every stage from the initial application to resolution of the appeal.

One of the proposed cost-savings provisions is to eliminate correspondence training for some 22,000 Vietnam veternas to save $4.9 million. We oppose this whittling away of a beneift for Vietnam veterans, particularly those who are severely disabled and housebound and those still on active duty in the Armed Forces who are stationed at sea or in remote areas and, therefore, unable to advance their education in any other way.

Mr. Chairman, it is unfortunate no provision is made in the proposed budget to grant any cost-of-living increase to veterans availing themselves of educational benefits under the GI Bill. The last such increase was granted by Public Law 96-466 and was a two-step increase with five percent effective October 1, 1980, and five percent effective January 1, 1981. It is my understanding the Veterans Administration anticipates requesting a cost-of-living increase for GI Bill beneficiaries in the fiscal year 1985 budget but, of course, we would then be talking about the 1984-85 school year. It is also regrettable that the budget proposes the discontinuance of advanced payment of educational assistance allowances for

a savings of $15.6 million which will undoubtedly cause many students to undergo severe hardship.

Having stated the foregoing, Mr. Chairman, it is the VFW's position that, all things considered, the proposed budget is an extremely good one in view of the deep cuts proposed in other budgets. We realize federal spending must be brought under control or the cost of all federally funded programs will become prohibitedly costly and eventually require severe reduction or even the termination of very worthy programs. The enormous growth of federal spending is most graphically illustrated when one considers the projected budget deficit for 1984 of $188.8 billion exceeds the entire federal budget for 1969 which was $184.5 billion in outlays.

This concludes my testimony, Mr. Chairman, and I will be happy to respond to any questions you may have.

Thank you.

Chairman SIMPSON. And now, please Mr. Joeckel, we shall have your remarks.

Mr. JOECKEL. Thank you, Mr. Chairman. After all that has been said, there isn't much for me to add. Actually, we are a little disappointed about the budget this year. We are not going to have too much to fight about, and you know how we enjoy those sort of things!

Chairman SIMPSON. Yes, I do.

Mr. JOECKEL. First of all, let me express to you, Mr. Chairman, our appreciation for the letter that you sent to the VA on February 2 regarding prisoners of war. We would ask that if or when the VA responds, we would like to have a copy. We sincerely appreciate your efforts in that regard.

Rather than go through my entire statement, I would rather respond to a couple of things that the VA testified to. First, with respect to DVB personnel reductions, we recommend in our statement that the reductions be focused in particular areas where the caseload is down. Certainly, in some cases like St. Petersburg, for example, a reduction there in employees can mean a lot more to them than in other areas with less caseload.

In addition, particularly with regard to research, I noted that Dr. Boren testified that he was forced to cut 190 projects out of biomedical research and 8 out of rehabilitation research. On the surface that seems to be a pretty fair reduction in those two programs, but I would point out that rehabilitation research only has 78 projects while biomedical research has 5,500. So, there would be a 3-percent reduction in biomedical research and a 10-percent reduction in rehabilitation research.

Also the cuts I believe are unfair in terms of the prosthetics and rehabilitation research programs.

With respect to the proposed legislative proposals, we are not objecting to these changes. We do have some concerns regarding cor-

respondence training, but if it comes down to an either/or decision of whether we do these things or some other, we prefer to do these.

You have our remarks regarding the cost-of-living adjustment. As our National Commander pointed out to you yesterday, we will not oppose the proposed compensation increase delay, and we are heartened by your position regarding the outyear proposal to scale down future COLA's in VA compensation. I am pleased that, you and Senator Cranston both are not in favor of such a proposal.

With that, Mr. Chairman, I would like to defer a chance to our National Employment Director, Ron Drach, to comment on the VES budget.

Mr. DRACH. Thank you, Mr. Chairman. At the outset I would like to say that we are encouraged by the DOL budget for the Veterans Employment Service. I will be very brief.

We will, however, maintain a close watch on the administration of the funds. Our big concern is in the administration of the DVOP program. We believe there is sufficient funds to administer an adequate program, and we are encouraged by Mr. Plowden's efforts to control the distribution of those moneys on a quarterly basis with assurances that DVOP is staffed the way it is supposed to be staffed and outreach is done the way it is supposed to be done.

We are also pleased that, for the first time in my memory, we don't have to fight for the secretarial support staff that is mandated in chapter 41 of title 38 for the State Directors for Veterans Employment.

The one area that, over the years, we must watch very closely, we believe, is in the Office of Veterans Reemployment Rights. As indicated, these functions have been transferred to Mr. Plowden's office. The staffing positions, however, are not mandated by chapter 41 or by title 38, so we are very, very cautious about what will happen in the future as to that aspect of the budget. This concludes our statement, Mr. Chairman. Thank you.

Chairman SIMPSON. Thank you. I remember last time you were cut off from being able to express yourself on that, and I will even give you another minute if you want.

Mr. DRACH. Thank you. That is sufficient.

Chairman SIMPSON. You did cover that very succinctly, and that is helpful.

[The prepared statement of Charles E. Joeckel, Jr., Deputy National Legislative Director, Disabled American Veterans, follows:]

PREPARED STATEMENT OF CHARLES E. JOECKEL, JR., DEPUTY NATIONAL LEGISLATIVE DIRECTOR, DISABLED AMERICAN VETERANS

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

On behalf of the more than 740,000 members of the Disabled American Veterans, I would like to thank you, Mr. Chairman and the members of the Committee, for giving us this opportunity to express our views on the VA budget request for Fiscal Year 1984.

As you know, Mr. Chairman, on behalf of the Veterans Administration, the President is requesting $26.1 billion in budget authority and $25.7 billion in outlays to administer the various programs and services for millions of the nation's veterans and their families in Fiscal Year 1984. In budget authority, the VA request is approximately $1.1 billion over the Fiscal Year 1983 estimates, primarily due to increases in the VA medical care and construction accounts.

Overall, Mr. Chairman, the VA budget request for next year is a good one in large part due to the efforts of the new VA Administrator, Harry N. Walters. Because of his efforts, we believe, the existing levels of benefits and services for the nation's service-connected disabled veterans and their families will not only be preserved but slightly increased. In this regard, I would like to take this opportunity to thank Administrator Walters on behalf of the members of the DAV.

While the DAV lends its strong support to the VA funding request for Fiscal Year 1984, we do nave a few concerns which I will address during the course of my statement.

DEPARTMENT OF VETERANS BENEFITS

While the VA is requesting an additional $2.6 million for personnel benefits, overall employment in the Department of Veterans Benefits (DVB) will decline in Fiscal Year 1984 by 419 employees. The proposed increase in personnel funding reflects adjustments in employee health benefits costs and contributions to the Medicare program.

The reduction in DVB personnel will result from the anticipated decline in compensation, pension and education workloads -- the major portion of which will occur in readjustments benefits and services provided to Vietnam Era veterans enrolled under the G.I. Bill program.

Over the past few years, the VA has been fairly well on target in estimating changes in case load, particularly in the area of Readjustment Benefits. Barring the enactment of legislation that would establish a new "G.I. Bill" program or liberalize the delimiting date in the current program, the DAV does not object to the scheduled 1984 employment reduction in DVB.

I would request, however, Mr. Chairman, that the Committee pay close attention to the impact that the proposed DVB personnel reduction will have upon each Regional Office. We would suggest that the employee cut not be imposed in an across-the-board fashion, but rather, the VA should focus the reductions in areas where the education and adjudication workloads have particularly declined.

MEDICAL CARE

The Fiscal Year 1984 request calls for an overall funding increase in the VA's medical care account of $383 million -- an adjustment of approximately 5 percent. The increase will allow the VA to hire an additional 2,294 health care employees -- primarily to activate new facilities; treat 124,000 more veterans on an outpatient basis; and provide for an increase in beneficiary travel funding. Also, the VA will establish an additional Geriatric Research, Education and Clinical Center (GRECC), bringing the total number of GRECCs to nine.

While we are pleased to see some expansion of the GRECC program and the addition of 300 nursing care beds in the system, we are somewhat concerned over the loss of 800 more acute care beds in 1984. This proposed reduction will bring the total loss of acute care beds within the system to 5,100 since 1980.

We continue to believe that there exists a need to maintain acute care beds for the care and treatment of elderly veterans.

In addition, we believe that the shut down of beds, wards and certain sections of VA hospitals is a waste of resources. Considering the current demand on the system for nursing home care and the rate at which new nursing beds are being added to the system, we think that attention should be directed to the possible conversion to nursing care units of acute care bed sections within VA hospitals.

We are aware of only one instance where the VA is remodeling part of a hospital to accommodate nursing care -- Alexandria, Louisiana. In our view, the initiation of similar projects nationwide would make better use of current resources, more quickly serve to meet the current demand for nursing care and, in the long run, save the government money.

CONSTRUCTION

Keeping in mind our comments regarding nursing home care, Mr. Chairman, you will note that all but $60 million of the VA's $868 million construction program is devoted to the VA's health care system.

Of the $808 million in VA health care construction, only $67.3 million is set aside for nursing home care. Accounting for most of the 58 percent increase in construction funding for Fiscal Year 1984, is the scheduled replacement of the Minneapolis VA Hospital and the renovation, modernization and building additions at several health care facilities. In this regard, Mr. Chairman, the DAV wholeheartedly supports the VA's efforts to replace and modernize its older hospitals -- some facilities now more than 35 years old.

While we support full funding of the VA's request for Construction Programs, we are, nevertheless, concerned over the VA's commitment to meet its most pressing demands on the health care system.

Accordingly, we favor a plan which would call for the addition of Nursing Care Beds to the system through the renovation and modernization within present VA hospitals.

RESEARCH

Although the VA budget request for Fiscal Year 1984 shows a slight increase in medical and prosthetic research ($156 million), actual spending in 1984 will be below 1983 levels -- necessitating a reduction in the three research programs.

As you may know, Mr. Chairman, in Fiscal Year 1982 the VA actually had $12 million less than the amount which was available in the previous Fiscal Year to carry out its research mission. In order to accommodate the $12 million reduction in Fiscal Year 1982, funding for prosthetic research (Rehabilitation Research and Development) was cut by 20 percent from 1981 levels and a 6 percent reduction was levied in all biomedical research programs.

To bolster prosthetics research within the VA, the Congress last year mandated a $2 million increase in Rehabilitation Research and Development, providing $10 million for prosthetics, sensory aids and other special category research in 1983.

Mr. Chairman, we are deeply concerned over the funding provided in Fiscal Year 1984 for the VA's Rehabilitation Research program which funds projects such as prosthetics, wheelchair, blinded and hearing impaired rehabilitation research. Although this program is funded at less than 10 percent of the total VA research budget, the VA has proposed that 1984 rehabilitation research sustain nearly one-half of the proposed funding reduction and nearly one-third of the employment cut within the VA research budget. We are adamantly opposed to reducing the research funding which is generally used to improve life for combat and service-connected disabled veterans.

Accordingly, we respectfully request your support to increase the proposed funding for VA Rehabilitation Research and Development by $3 million over the amount proposed in the Fiscal Year 1984 request.

PROPOSED LEGISLATION

To accomplish savings of $134.7 million in Fiscal Year 1984, the Administration is proposing to delay by six months the cost-of-living adjustment in nonservice-connected disability pension benefits, eliminate correspondence training and terminate advance payment of educational benefits.

In this regard, the DAV, with the exception of minor concern regarding correspondence training, has no objection to the enactment of the cost-savings measures proposed in the budget for 1984. We have, however, been alerted by several of our members to the impact that the elimination of correspondence training would have upon service-connected disabled veterans who are unable to leave their homes or to attend regularly scheduled classes. During the course of the year, we will detail our concerns in this regard when specific legislation is considered by the Committee.

In addition, Mr. Chairman, as National Commander Galian pointed out in his statement earlier this week, the DAV will not object to the proposed delay in the effective date of the Fiscal Year 1984 disability compensation and dependency and indemnity compensation increase, so long as similar adjustments are made in an even-handed manner in all other federal benefit and entitlement programs. Please note that I have attached a copy of a resolution adopted by our National Executive Committee relative to this subject.

OUTYEARS

As you know, Mr. Chairman, the DAV is extremely concerned over an outyear proposal contained in the Fiscal Year 1984 budget request that proposes to scale down cost-of-living adjustments beginning in 1985.

Under the recommended formula, service-connected veterans whose disabilities are rated at 100 percent would receive the full cost-of-living adjustment each year. Those rated 60 to 90 percent disabled, however, would receive only 85 percent of the cost-of-living adjustment, while those evaluated at 40 or 50 percent disabled would realize only 60 percent of the cost-of-living adjustment. Similarly, veterans rated in the category of 10 through 30 percent disabled would receive only 45 percent of the cost-of-living adjustment beginning in 1985.

Needless to say, we are adamantly opposed to such a plan, as the individual evaluations under disability compensation and their corresponding rates of payment already accomplish what this proposal seeks to achieve -- that is, to have the rates of payment reflect the degree of disability. We view the sole purpose of such a proposal as one which seeks to achieve savings rather than one which would equitably distribute federal dollars as the Administration suggests.

VETERANS' EMPLOYMENT PROGRAMS

Much like the Veterans Administration budget request, the Department of Labor's 1984 proposed budget for the Veterans' Employment Service (VES) is a good one. We are pleased to note, Mr. Chairman, that the Administration is not attempting to eliminate the VES federal secretarial staff in 1984.

Moreover, the Administration has proposed $9.6 million, providing 225 staff positions, basically satisfying the requirement in Chapter 41, Title 38, U.S. Code which establishes the positions of State and Assistant State Directors for Veterans' Employment, as well as their secretarial staff. In our view, Mr. Chairman, these funds will be sufficient for the VES to carry out its mission in 1984.

OFFICE OF VETERANS' REEMPLOYMENT RIGHTS

As you know, Mr. Chairman, Public Law 97-306, the Veterans' Compensation, Education, and Employment Amendments of 1982, among other things, transferred the functions of the Office of Veterans' Reemployment Rights to the Assistant Secretary of Labor for Veterans' Employment. Our review of the 1984 request indicates that the transfer has taken place -- moving the functions, personnel funds, equipment, supplies and records necessary to carry out the Reemployment Rights program to the Assistant Secretary for Veterans' Employment.

We are, however, concerned over the future funding of this program. As you know, the vast majority of the positions in the Veterans' Employment Service are mandated by law (Chapter 41, Title 38, U.S. Code). The staff necessary to carry out the functions of OVRR are not, however, covered by law. Our concern centers around what the future will hold in terms of funding available to carry out these functions. Past experience with respect to the VES and the Disabled Veterans Outreach Programs indicates that we must keep a close eye on the funding levels provided to the OVRR in the years ahead. In this regard, Mr. Chairman, we seek your assistance in assuring that future funding levels are adequate.

19-890 O—83——12

DISABLED VETERANS OUTREACH PROGRAM

The 1984 budget provides for $62.6 million to fund the Disabled Veterans Outreach Program (DVOP). At long last, Mr. Chairman, the Administration has provided a level of funding sufficient to carry out this mandated program. Perhaps even more encouraging is the fact the program will now be administered by the Assistant Secretary of Labor for Veterans' Employment.

While the Assistant Secretary has indicated a desire to maintain tight fiscal control over the program, we have been assured that funding will be provided to those states that properly implement and administer the DVOP program -- to the satisfaction of the Assistant Secretary of Veterans' Employment.

Mr. Chairman, we believe that much has been accomplished recently to assure that adequate employment services are provided to our nation's job-seeking disabled and Vietnam Era veterans. We are most pleased that adequate funding has been provided for the various programs which seek to achieve this employment goal.

CONCLUSION

In summary, Mr. Chairman, with the exceptions and recommendations set forth in this presentation, the DAV supports full funding of the Fiscal Year 1984 budget request for the Veterans Administration and strongly supports the Administration's request for veterans' employment programs proposed by the Department of Labor. Again, I wish to thank you and the members of the Committee for allowing us this opportunity to express our views on this very important subject.

NEC RESOLUTION B
LEGISLATIVE

CLARIFYING THE POSITION OF THE DISABLED AMERICAN VETERANS REGARDING THE COST OF LIVING ADJUSTMENT IN VA COMPENSATION AND DEPENDENCY AND INDEMNITY COMPENSATION BENEFITS FOR FISCAL YEAR 1984

WHEREAS, the delegates to the 61st National Convention of the Disabled American Veterans, held in Las Vegas, Nevada adopted Resolution No. 310 calling for a reasonable adjustment in the rates of VA disability compensation and dependency and indemnity compensation (DIC) payments; and

WHEREAS, for Fiscal Year 1984 President Ronald Reagan has proposed an increase in VA disability compensation and DIC payments of 5.1%, commensurate with the projected rise in the Consumer Price Index; and

WHEREAS, based upon the unstable state of the national economy, the President has proposed to either freeze or delay by six months the cost of living adjustments in all federal personnel, benefit and entitlement programs; and

WHEREAS, the effective date of the 5.1% cost of living adjustment in VA disability compensation and DIC benefits would be delayed by six months from the usual date established for such increases; and

WHEREAS, disabled veterans and their families, more than any other single group of Americans, have, when called upon, demonstrated their willingness to make personal sacrifices on behalf of the nation; and

WHEREAS, the President has requested that all Americans share equally in the burden to stabilize the economy thereby setting the nation on a course toward full employment and prosperity; NOW

THEREFORE, BE IT RESOLVED that the Disabled American Veterans will not oppose the enactment of legislation which proposes to delay the effective date of the Fiscal Year 1984 disability compensation and dependency and indemnity compensation increases by six months, so long as similar adjustments are made in an evenhanded manner in all other federal benefit and entitlement programs.

* * *

Chairman SIMPSON. Well, I think it is a pleasant experience to see you generally in agreement with what is the committee's, as proposed by the President, budget. It is part of our mission to certainly give that our every attention, and it is a very pleasant experience to see you all having general good feeling about the proposed budget, and that certainly makes my task easier. It is eminently more helpful when the budget gets off in such remarkable fashion in this committee, and I did come to an understanding of many things in those early months and you were very patient in your own way, in varying degrees of patience, but I appreciated that, and what I particularly was impressed by is that our new VA Administrator arranged that visit with the President very quickly, and it was a distinct pleasure to see Al Keller and Ed Galian and Ron Currieo there with Cooper and Danny Hart in very good free flow with Sonny Montgomery and myself for half an hour. We will do that again.

Sonny and I and Harry will meet at least once a month, and that is what we are up to, and I think that if we all are in agreement that the VA's budget request for medical and prosthetic and health services is not adequate, where if I might ask, where should enhancements be channeled or directed if you had to pick a spot on that? Each of you might just take a minute if you can on that.

Mr. JOECKEL. We aren't asking in our presentation for an increase in any particular kind of research, but certainly believe, in the overall sense that there needs to be an increase in, or at least maintenance of, the current funding for VA rehabilitation research.

In fiscal year 1982, the VA actually had $12 million less than the amount which was available in the previous fiscal year to carry out its research mission. In order to accommodate the $12 million reduction in fiscal year 1982, funding for prosthetic research—rehabilitation research and development—was cut by 20 percent from 1981 levels and a 6-percent reduction was levied in all biomedical research programs.

To bolster prosthetics research within the VA, the Congress last year mandated a $2 million increase in rehabilitation research and development, providing $10 million for prosthetics, sensory aids, and other special category research in 1983.

Mr. Chairman, we are deeply concerned over the funding provided in fiscal year 1984 for the VA's rehabilitation research. Although this program is funded at less than 10 percent of the total VA research budget, the VA has proposed that 1984 rehabilitation research sustain nearly one-half of the proposed funding reduction and nearly one-third of the employment cut within the VA research budget. We are adamantly opposed to reducing the research funding which is generally used to improve life for combat and service-connected disabled veterans.

If the committee is considering such an increase, we would suggest that the proposed funding for VA rehabilitation research and development be increased by $3 million over the amount proposed in the fiscal year 1984 request.

Chairman SIMPSON. Don.

Mr. SCHWAB. Well, as Dr. Custis pointed out, there was a $5 million shortage in medical and prosthetic research, and if that could be funded it would certainly rectify an awkward situation.

With respect to nursing care beds, of course we are delighted that so many nursing care beds are going to go into construction in 1984 and I think the VA is a little slow under the circumstances in converting nursing care beds because they are now required to maintain the minimum of 90,000 hospital and nursing care beds combined without stipulating how many of each.

Mr. LYNGH. Mr. Chairman, I have had the privilege on behalf of all veterans' organizations to serve on the Geriatric and Gerontology Advisory Committee that was established by Public Law 96-330. In connection with the activities of that committee we have traveled around the country and visited the various GRECC's that are now operating. There are eight of them as you know.

We have, and I speak for the American Legion, the experience I have had with that committee, I have been very much impressed by the basic research that is being done—unfortunately, in a rather minimal way—on disabilities and conditions that affect older people. The work that, the basic research that the VA is doing on such things as Alzheimer's Disease has great potential for the good not only of aging veterans but of all Americans because, as I mentioned, it affects as you know mostly the elderly and it is something that is affecting more and more of the total American population.

If the Congress could strengthen funds in the R&D, that medical prosthetic research budget item for the VA, and direct it into basic research and recommend or urge the VA to strengthen their activity in that area, I think it would be very helpful not only for veterans but for everybody.

Chairman SIMPSON. I appreciate that, and certainly that is something we are going to be honing in on as we get into this tremendous influx of veterans from World War II who will be able to qualify for benefits.

I am stalling a bit. Senator Domenici wanted to come to the committee this morning perhaps to share something with regard to the budget, and he is apparently on his way so I will ask one more question of you and you can respond at the moment.

Are you satisfied that these fiscal year 1984 funds requested by the VES for the implementation of the Federal Job Training Partnership Act are adequate to see that a special nationwide program for veterans would get underway?

Mr. DRACH. Well, as you probably are aware, Mr. Chairman, the moneys are on a formula basis so that the VES will receive a percentage of the total appropriated funds for the Job Training Partnership Act. We are looking at that whole issue in terms of job training and employment-related issues.

As you know, the administration is proposing some jobs programs. The Democrats are looking at some programs, and we, too, are looking at some specific programs, perhaps more of a training nature than of an employment nature. With unemployment in excess of 10 percent, we don't want to see money just dumped into some sort of a training program. That is not really going to address the long-term problem. We don't want to see a short-term solution. We want to see a long-term solution.

Chairman SIMPSON. Do any of you gentlemen have any other comments?

Mr. SCHWAB. You have mentioned earlier, Mr. Chairman, about the hospital care available to veterans 65 and older. I notice in reading through the budget, and I saw it in print for the first time, that the VA believes that those who have an income of $10,000 or less are unable to afford care in the private sector and then it is followed with a little caveat to the effect that those with an income of $10,000 or more may or may not be able to afford care in the private sector, but that is the first time I have seen it in print in an official document.

Chairman SIMPSON. Thank you very much.

[The responses of The American Legion and the Disabled American Veterans to written questions submitted by Hon. Alan K. Simpson, Chairman of the Senate Committee on Veterans' Affairs, follow:]

RESPONSE OF THE AMERICAN LEGION TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. Is veterans' preference undergoing any changes under certain policies of OPM or GSA which concern you? If so, please advise the committee as to what specific remedies you support.

Answer 1. As far as the policies of OPM on veterans' preference are concerned, Don Devine and officials under him have expressed strong support for veterans' preference. He has expressed this support in testimony before both the House and Senate Committees on Veterans Affairs, before our National Convention, in field memos, and in letters and conversation. This support has also been reiterated in meetings with representatives of the Legion and other veterans organizations. OPM has also actively promoted the use by federal agencies of the Veterans Readjustment Appointments (VRA) and of noncompetitive appointments of veterans with 30 percent or more service-connected disabilities, as well as issued very favorable regulations on affirmative action for disabled veterans.

Great concern was expressed about veterans preference during the last major round of reductions-in-force (RIFs). However, while The American Legion heard of various allegations of violations, none of these were substantiated. Again, the Legion has been concerned about reports of changes in RIF regulations to be made administratively. However, in both correspondence and letters, Dr. Devine and other OPM officials have assured the Legion there will be no lessening of veterans preference. At a briefing for the Legion and other veterans organizations, OPM outlined how the proposed regulations will be implemented. There seems to be no threat to veterans preference as intended by Congress, but the Legion will withhold final comment until after study of the regulations when published in the Federal Register.

Title 5, USC, 3310, provides that positions of guards, elevator operators, messengers and custodians in federal agencies are restricted to veterans. Contracting out of these services has been of concern to the Legion ever since the first resolution opposing such contracting out in 1961, especially as most elevator and messenger jobs have disappeared. Many, if not most of the custodial and security jobs have also been contracted out over the years, leaving about 10,000 such jobs now in federal agencies. The concentration of veterans in these jobs is spotty, ranging from around three to five percent in some agencies to around 90 percent in some security units; the best guess at an overall average is 43 percent. However, the real issue is whether Congress will stand behind its original intention of providing these jobs for veterans. The Legion has had heavy mail from veterans affected, from disabled veterans, Vietnam veterans, and veterans with 15-19 years of federal employment, most of whom see no chance of other employment. While proponents of such contracting out contend there are cost savings, there has been no conclusive proof.

The prohibition on GSA applies only to FY 83. We want Congress to take strong definitive step to stop further contracting out of these custodial and security jobs so at least these 10,000 jobs will be available.

Question 2. What is your opinion of the efficacy of the Vietnam Veterans Leadership Program?

Answer 2. The American Legion has no resolution on the VVLP of ACTION. Since the Legion is aware that the purpose of VVLP is to establish and perpetuate a positive image of Vietnam veterans, with veterans doing well in business reaching out to other veterans and their communities and with employment as a linkage, the Legion has participated in the initial planning and has maintained close contact.

The program is to operate in 50 cities, with a budget of $2 million a year, and to expire in 1984 unless local funding can be secured for successful programs. There are no provisions in ACTION's 83 or 84 budget for VVLP, which is of some concern. There are a variety of program areas, and we have seen in this short time some very favorable results, as well as received favorable reports from Legionnaires in the field. There have been some suggestions from a few State Directors of Veterans Employment that a closer working relationship with the VES, State Employment Security Agencies, and the VVLP would be helpful. This is the only thing that could be construed as a criticism; on balance VVLP seems to be working well.

RESPONSE OF THE DISABLED AMERICAN VETERANS TO WRITTEN QUESTIONS SUBMITTED BY HON. ALAN K. SIMPSON, CHAIRMAN OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS

Question 1. Is veterans' preference undergoing any changes under certain policies of OPM or GSA which concern you? If so, please advise the Committee as to what specific remedies you support.

Answer 1. As you are probably aware, the Office of Personnel Management (OPM) has under review several changes that would, in their view, place greater emphasis on "performance" and less on seniority during a reduction-in-force (RIF). Efforts to modify the current reduction-in-force procedures will meet with our closest scrutiny--particularly with respect to any change in veterans' employment and retention rights.

I have notified Dr. Devine, Director of OPM, of our concerns regarding this matter and you will find enclosed a copy of our letter to the Director dated January 18, 1983.

Although we have not received a formal written response, we did receive assurances from Dr. Devine, as well as Associate Director Mike Frost, that changes in veterans' preference will not be made in any of the regulatory RIF procedures.

While we do not have reason to doubt these assurances, we would appreciate a written response to our January 18, 1983 letter. Any assistance that you may provide in this regard, Mr. Chairman, would be sincerely appreciated.

The DAV is, however, gravely concerned over the General Services Administration's (GSA) attempts to carry out the provisions of OMB Circular A-76 by contracting out to the private sector numerous services which heretofore have been historically reserved for veterans under the provisions of Section 3310 of Title 5, U. S. Code.

As you know, Congress passed legislation, now embodied in law, that prohibited GSA from contracting out the jobs identified in Section 3310 for the period of one year. At DAV request, new legislation has been introduced into the House which, if enacted, would prohibit all federal departments and agencies from contracting out these services.

In our view, these specific jobs should be retained for preference eligibles as Congress intended some 38 years ago.

I am enclosing additional background material on this issue and would respectfully request that the Senate Committee on Veterans Affairs consider similar action to preserve the jobs mentioned for eligible veterans.

Question 2. What is your opinion of the efficacy of the Vietnam Veteran Leadership Program?

Answer 2. The Vietnam Veteran Leadership Program (VVLP) is somewhat unique in several ways. As you know, it is a Program under the umbrella agency ACTION, directed by a Vietnam Era veteran.

Among other goals, the VVLP recruits, at the local level, successful Vietnam veterans who are willing and able to assist their fellow Vietnam Era veterans in addressing some of the lingering problems associated with their past military service. This takes many shapes.

An admirable, but elusive, goal is the effort to project through various mediums a positive image of Vietnam Era veterans. VVLP has, in our view, been fairly successful in reaching the media in an effort to portray Vietnam Era veterans as successful community leaders.

Perhaps more than that, VVLP has established programs that advise and assist Vietnam Era veterans in establishing their own businesses; assisting in obtaining employment and educational opportunities; facilitating the use of ongoing community services to assist veterans in need; gaining recognition for the contributions of Vietnam Era veterans; and attempting to enlighten the general public of the many accomplishments of Vietnam Era veterans.

Currently, the VVLP operates 41 programs nationwide. They have coordinated and cooperated with the Department of Labor, Veterans Administration, Small Business Administration, veterans' organizations and other federal, state and local agencies. They have recruited more than 1,600 volunteers, the majority of whom are Vietnam combat or Vietnam Era veterans.

With respect to these goals, we believe that the VVLP has met with success but feel that specific criteria should be developed to measure the Program's effectiveness in terms of improving the overall welfare of Vietnam Era veterans.

Chairman SIMPSON. We have Mr. Versatility in the outfield and the infield, Chairman of the Budget Committee, a member of the Appropriations Committee, Environment and Public Works, Energy and Natural Resources—is there any committee you don't serve on?

Senator DOMENICI. I also have eight children. They are all prepartisan politics! I want you to know that, Mr. Chairman.

Chairman SIMPSON. Well, Mr. Chairman, did you have anything you wished to share with the Veterans' Affairs Committee? It might be appropriate. These are representatives of veterans' organizations. There are representatives of the VA here and the veterans' employment activity.

TESTIMONY OF HON. PETE V. DOMENICI, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Senator DOMENICI. First I want to thank you for giving me just a couple of moments. I want to assure the veterans' and veterans' organizations that the Budget Committee is very concerned about the budget and its implications for our veterans and any major changes in veterans' programs.

As I read the President's budget in terms of overall numbers, which is what we deal with in the Budget Committee, rather than the individual programs as you well know, it is a record-breaking budget in terms of dollars. We are on an expedited schedule in the Budget Committee at the request of the Senate, and we will not be able to take testimony in detail from all of the organizations that want to be heard. I, therefore, wanted to come here to assure you that we are going to take the recommendations of this committee very seriously.

We will review your testimony, all of it, in detail. Our commitment to the 28½ million veterans in the United States is really historic for any place in the world. I think you know that. I think Americans really want veterans to be supported because we are very appreciative of what they have done for us. Mr. Chairman, I have a few written remarks that I would like to place in the record. I merely wanted to come to assure your committee and our veterans' organizations that we are going to do everything we can to set budget targets set that are high enough to cover those things that you recommend and that are in the President's budget.

The only item that I know of any significant restraint is the 6-month COLA delay, and I understand that that is difficult. Certainly we don't intend to apply it in any haphazard manner in the budget. In fact, there are some programs for which the President has requested a year's delay in the cost-of-living increase. We intend to apply any COLA delay across-the-board. We don't intend to treat the veterans differently than other groups. If we aren't going to apply a COLA delay across-the-board, then we aren't going to do it for veterans. From what I can tell, Mr. Chairman, if there is any disposition for exemptions, there probably is a disposition to exempt veterans above any other group.

We hope to get the fiscal policy under control so that the million veterans that you represent that are out there working in businesses and doing the ordinary things that Americans do will have a

real chance to prosper and succeed. That is our real goal for all Americans and for the programs that serve them.

I thank you again, Mr. Chairman. I would ask that my brief remarks be made a part of your record.

Chairman SIMPSON. Without objection, it is so ordered.

[The prepared statement on Hon. Pete V. Domenici, a U.S. Senator from the State of New Mexico, follows:]

PREPARED STATEMENT OF HON. PETE V. DOMENICI, A U.S. SENATOR FROM THE STATE OF NEW MEXICO

Mr. Chairman, I am pleased to join you today for the Veterans' Affairs Committee hearing on the President's FY 1984 budget request for veterans benefits and services.

As you may know, the Budget Committee is working on an accelerated schedule in an attempt to complete Senate action on the First Budget Resolution prior to the Easter recess. We have therefore been unable to schedule hearings for all who wish to testify on the President's budget.

I know that veterans and their service organizations are active participants in the congressional process. Several veterans organizations, including the Veterans of Foreign Wars, The American Legion, and the Disabled American Veterans will be using this hearing as their major forum for input on the FY 1984 budget. I wanted to be sure to hear your views.

The President and the Congress have always upheld their commitment to our Nation's 28.5 million veterans. Over the past 10 years the veterans budget has doubled, and the President has proposed a record $26.1 billion budget for FY 1984. The Administration continues its efforts to meet the important needs of veterans. The President proposes an 11 percent increase -- a total of $9.2 billion -- for VA hospital and medical care to meet the health care needs of our veterans.

I have visited the VA medical center in Albuquerque. It has served the veterans of New Mexico with dedication for over 50 years and is prepared to meet the challenge of caring for aging World

War II veterans whose needs are growing. The budget must recognize such developing priorities. However, during these difficult economic times, it is our task to restrain Federal spending. We will do this in the most equitable manner possible; but do it we must to bring full economic recovery.

This opportunity to listen to the testimony presented today will be most helpful in my work as Chairman of the Budget Committee and as a member of the HUD-Independent Agencies Appropriations Subcommittee which provides funding for VA programs. My staff and I will review all of your testimony in detail.

I would like to express my thanks to Chairman Simpson and the members of the Committee for allowing me to share this opportunity with you. Senator Rudy Boschwitz, one of our senior members, is now a member of this Committee. I am delighted that he will be able to serve as a strong link between both committees. I assure you -- and our Nation's veterans -- that the Budget Committee will give full and careful consideration to the recommendations offered here today as we prepare the First Budget Resolution.

Mr. LYNGH. If I may respond to Senator Domenici, Mr. Chairman, there are two points very quickly. One, I want to commend his wisdom in selecting a very prominent Legionnaire in the State of New Mexico, Mike D'Arco, to serve as your assistant because I am sure he represents the views of the veterans of New Mexico.

Certainly I would like to simply say for the American Legion that we understand the constraints confronting the Budget Committee. We have confidence in this Committee on Veterans' Affairs and we believe that it will reflect quite well the wishes of veterans' organizations in its transmission to your committee, and we will rely on that.

Chairman SIMPSON. Thank you very much, Bob, and let me just share with you that in these last 2 years there have been some very painful experiences that Pete and I were engaged in and in which neither of us enjoyed the role, and I have shared that with each of you, how that came about, and we jumped off the cliff together—a most unpleasant task, caused by a lack of communication, a lack of rapport between certain agencies and elements.

That obviously is not going to happen again, and the proof of that is the budget you have just heard. In other words, the budget will be presented and it will be something we can support and fight for and not something that we have to resist and then watch it go through the interesting political processes and say well, we like that, I guess, after it came out of the other body, and that left Pete and me dangling which would be a remarkable understatement.

Senator DOMENICI. You're right.

Chairman SIMPSON. And I shared with him exactly where that was and they have been most understanding of that and most patient and it has all been up front. We have expressed that and I put that right up, so thank you.

Senator DOMENICI. Thank you very much, Mr. Chairman.

Mr. JOECKEL. Mr. Chairman, I want to say that as long as I have been testifying before this committee, we have never had two chairmen at one hearing, nor have we appeared before the Budget Committee chairman in the Senate. We are grateful to you, Mr Chairman, for arranging that, and we are confident of your recommendations to the Budget Committee.

Chairman SIMPSON. Just one final item because it will come up and so I should share my thought with you. It will just take a moment, and this is the issue of the GI bill increase. That will come up. My thought is that, after just a cursory review at this point, that we indeed, as you cited, Don, we went up the 5 percent in 1980 and then the 5 percent early in 1981, really 10 percent. We hadn't done anything for about 3 years previous to that. I would very much hope that in the situation of economics that you so well defined in the last part of your remarks that we could wait this year alone for that purpose to grapple with this issue because if we don't solve the social security problem and it turns into a partisanship exercise and washes away all the Republicans on this point, the issue will still remain what are we going to do about those types of systems?

I really mean that. That is not a pathetic mumbling because the country will not be served and that is not because I am the major-

ity or the minority. If we don't grapple with that, watch out, because the other things we will never get a handle on.

I went to school on the GI bill. I wish I had always spent it for books. I didn't. I was very foolish in those days, but just know that I will be watching it closely and watching very seriously when we grapple with the biggest thing confronting us, whether we can really repair social security in the spirit of cooperation and bipartisanship, and if we can't, then dig a trench because Lord knows where it will go, and it won't matter who is running the shop. It is can we govern? And we are going to find that out.

I really appreciate your thoughts and you always have access to the committee staff, majority and minority. I don't pay their salary. You do.

I want to thank Carol DeAngelus for her budget work this morning and Brent Goo for her help with this, for the preparation of the hearing, and the whole crew—Becky, Kay, Laurie, Julie, Scott Wallace, and Tom Harvey, and on the minority, Jon Steinberg and Ed Scott. They are here to respond and to make inquiry of, and the VA and the veterans' groups have been helpful in sharing their thoughts, and that is important.

That concludes my questions. There may be some others to be submitted in writing by members of the committee. Those will be submitted and you will have those answers in by Friday, please. We will have a markup of our committee views and estimates which will occur prior to or on March 1, and with that, that concludes the hearing.

I thank you very much.

[Whereupon, at 12:20 p.m., the hearing was adjourned.]

[The committee received the following letter dated February 22, 1983, from Peter B. Currier, deputy national service and legislative director, AMVETS, for the hearing record:]

AMVETS

American Veterans of World War II Korea-Vietnam
National Headquarters
4647 Forbes Boulevard, Lanham, Maryland 20706 (301) 459-9600

Peter B. Currier
DEPUTY NATIONAL SERVICE
AND LEGISLATIVE DIRECTOR

February 22, 1983

The Honorable Alan K. Simpson
Chairman
Committee on Veterans' Affairs
410 Russell Senate Office Building
Washington, D. C. 20510

Dear Senator Simpson:

The 1984 Fiscal Year Budget as proposed by the Administrator of Veterans' Affairs and his staff is one which AMVETS feels is sound in concept and demonstrative of the advocacy on behalf of veterans avowed by Mr. Walters and his staff in recent weeks.

We commend Mr. Walters for developing such a comprehensive budget in such a short span of time when one considers his recent confirmation in his position.

Mr. Chairman, our concerns about the Fiscal Year '84 VA Budget center around the fact that we are unalterably opposed to any elimination of correspondence training since we feel that for many in this time of fiscal difficulty this is the only source of self improvement. Many individuals simply cannot afford to take time off from their work schedule to attend schools since it becomes a matter of simple survival. We hope you and the members of your committee will carefully examine this provision of the Fiscal Year '84 Budget and will seek to preserve this important piece of the G.I. Bill.

Regarding a delay of cost of living adjustments (COLA) we understand that all Americans in these difficult times must share responsibility to sacrifice in order to restore economic stability, however, we would hope that recipients of all entitlement programs across the board will share a delay in the cost of living adjustment and that veterans will never be asked to unfairly go it alone.

The Veterans Administration self-examination process with regard to revalidation of construction projects is refreshing and demonstrative again of Administrator Walters' dedication to advocacy with a strong emphasis on fiscal responsibility. The Veterans Administration, we feel in this area, has sought to make the most use of the dollars available and for this we are thankful.

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Regarding female care AMVETS is of the opinion that the Veterans Administration has, over the years done quite well in this area and has the capabilities to meet future needs in this area. We understand that Administrator Walters has enlisted the services of a specialist in this area to study present capabilities and to suggest for improvements in this area. Our experience has shown that basically across the country America's female veterans are adequately cared for by the Veterans Administration. However, we recognize at the same time that historically, female veterans have been reluctant to seek medical care from Veterans Administration facilities and we feel that perhaps this is due to a mistaken impression that the Veterans Administration is for males only. We would suggest to Administrator Walters that his staff undertake a campaign through a series of public service announcements and other public relations activities to solicit utilization of the Veterans Administration by female veterans.

AMVETS remains convinced that the Vietnam Veterans Readjustment Act has been a most productive program and that, by and large, the vet centers across this country have constructively served the Vietnam veterans. For this reason, AMVETS would look with disfavor upon any effort to eliminate the programs covered by the Vietnam Veterans Readjustment Act of 1979.

Mr. Chairman, we are somewhat concerned by the Veterans Administrations's figures regarding case load activity since we feel the fact that the average age of America's veterans today is 50.9 years and that the second largest group of veterans (the Vietnam veterans) are yet to impact on programs concerning geriatric care. We would hope that the Veterans Administration, although its figures may show a decline, would not be lulled into a sense that need for planning and research in the area of geriatrics is also diminishing. There are many hopeful signs in the area of research into the causes of Alzheimer's disease and we hope that the Veterans Administration because of its extensive facilities and constituency will take a world leadership position on this subject.

Mr. Chairman, as you are aware, the figure of 30 million veterans is often bandied about when issues are addressed to the Veterans Administration. When one considers the numbers of dependents and survivors this figure is swelled to nearly 84 million Americans which represents 38% of the total population. This serves to underscore the importance of any budget expenditures for the Veterans Administration and for his foresight, advocacy, and demonstrated fiscal responsibility in preparing the Fiscal Year 1984 Budget, we would commend Administrator Walters and his staff.

Sincerely,

PETER B. CURRIER
Deputy National Service
& Legislative Director

PBC:jah

APPENDIX

FURTHER RESPONSES OF HARRY N. WALTERS, ADMINISTRATOR OF VETERANS' AFFAIRS, VETERANS' ADMINISTRATION, TO WRITTEN CONFIRMATION HEARING QUESTIONS SUBMITTED BY HON. ALAN CRANSTON, RANKING MINORITY MEMBER OF THE SENATE COMMITTEE ON VETERANS' AFFAIRS (December 8, 1982)

QUESTION 1: In an October 7 letter to your predecessor, I urged that the VA resolve a number of issues regarding the design of the Agent Orange epidemiological study and deal with certain related management issues. The December 3 response stated that, since it appears that the study will be transferred to the Centers for Disease Control, it would not be appropriate for the VA "to make all the critical decisions mentioned in my letter." In that letter, it was also stated that it would not have been appropriate for the VA to decide, prior to receiving the National Academy of Sciences comments on the study protocol, whether the study should be limited to the effects of Agent Orange exposure or be expanded, as authorized by Public Law 97-72, to examine the entire Vietnam experience. The NAS comments were officially transmitted to the VA on October 28, 1982.

This exchange of correspondence (copies attached) left certain questions unanswered and, together with the NAS comments, raised certain new ones. (See letters on pages 154-159 of Walters Nomination hearing (December 8, 1982).)

A. In my October 7 letter, I requested information, which was not provided regarding the newly-formed Agent Orange Projects Office in the Department of Medicine and Surgery, for which $278,000 and 7 FTEE have been budgeted and appropriated for FY 1983. I understood that these resources would be used to add technical staff devoted to work on Agent Orange activities. Recently I learned that the Office of Environmental Medicine would henceforth be called the Agent Orange Projects Office.

i. Are the resources described above for the Agent Orange Projects Office in fact being used, or planned to be used, to support additional staff above and beyond the former staff of the Office of Environmental Medicine?

ii. What are the planned professional qualifications of any new personnel and when will they be hired?

B. Who will decide whether the study will be expanded and when do you expect that decision to be made?

C. In my October 7 letter, I urged that, if a decision is made to proceed now with an Agent Orange-only study, the widest range of information be collected from the study participants so that it might be used in a parallel, more general study of the entire Vietnam experience.

i. What is your reaction to this recommendation?

ii. Who will decide whether the study will collect such a wide range of information for that purpose?

D. The NAS review raised some very basic questions -- particularly relating to the exposure index and the selection of cohorts -- that I believe must be addressed before the conduct of the study is undertaken.

i. Do you plan to modify the study design along the lines suggested by NAS?

ii. [If so] Will any such modifications be left to CDC?

iii. Is a detailed VA response to the NAS being formulated?

iv. (If so) Please provide a copy of such response if it has already been prepared or advise when it will be completed.

(If not) I request that one be prepared and provided to the Committee, responding in detail to each NAS comment and recommendation. When will such a report be submitted.

v. In its review of the protocol, NAS suggested that a "case-control study of soft-tissue sarcomas within the veterans population would almost certainly be the quickest and most economical way to determine whether these malignancies are associated with exposure to herbicides in Vietnam." This opinion strengthens my own long-held belief that the design and conduct of such a study or studies is -- particularly in light of certain European studies which suggested an association between exposure to phenoxy herbicides and soft tissue sarcomas -- greatly needed. I have repeatedly urged that such a study or studies be undertaken. Do you support the NAS recommendation and are there any studies planned or in progress either within or outside the VA?

E. When can I expect to receive a report, as requested in my October 7 letter, on the issues raised in the September 30, 1982, letter to me from the Director of the Office of Technology Assessment, including the issues of coordination and delineation of responsibilities that I discussed in my letter?

ANSWER:

i. Yes. However, with the planned transfer of the epidemiology study to CDC, it is projected that a staffing level of 5 FTEE only will be required to support the other research activities.

ii. One position will be that of an epidemiologist. Another will be a biostatistician. In addition, there will be 3 support staff. Both the epidemiologist and the biostatistician will be fully professionally qualified by education and experience within their respective fields. All positions will be filled as soon as qualified candidates can be recruited.

1B. In the desire to ensure maximal independence to CDC in the design and conduct of the study, any decision arrived at will be one which is mutually agreed upon between the VA and CDC. Great weight will be placed on CDC's recommendation in this regard. A decision will be made as expeditiously as feasible.

1.C. i & ii. This is involved in the entire design of the study which is now being developed by CDC.

1.D. i. & ii. As I indicated in my response to question 1.B., decisions regarding the epidemiological study will be mutually agreed upon between the VA and CDC.

1.D. iii & iv. No. I believe that such a report would have little or no value at the current time. Until such agreement is resolved with CDC, I believe it would be unwise for me to respond in detail to the NAS report.

1.D. v. The case-control study is only one method of investigating soft-tissue sarcoma. Currently an examination of records in an effort to determine the best approach to this issue is underway. This will require some months to complete.

1.E. It is my understanding that a December 3 letter constituted the VA's response to your request for a report. However, should you desire additional information, I will be pleased to answer your specific questions, if possible.

FURTHER RESPONSE: 1 D. v. & E.

My scientific advisers have examined this issue and have informed me that a case-control study would not be the most fruitful type of study to pursue at this time. The scope of such a study would necessarily have to be narrower than a cohort study and it would not be able to address the issue of cause and effect as a cohort study would. Any decision to conduct a case-control study would be made only if a symptom or disease were found in the epidemiology study to be more common among exposed veterans. We know of no case-control study of soft-tissue sarcomas within the veteran population planned or in progress.

QUESTION 2: The recent GAO report, "VA's Agent Orange Exam Program: Actions Needed to More Effectively Address Veterans' Health Concerns", specifically recommended revising the exposure history form and using the standard VA physical examination and medical history forms to gather more thorough information in Agent Orange examinations.

A. The agency concurred (p. 75) and stated that DM&S Circular 10-81-54, dated March 19, 1981, stipulated that standard examination forms (VAF 10-7978 or SF 506) be used to document the physical examinations. However, the GAO report (p. 21) asserts that this Circular in fact gives the physician a choice of using the standard or the shorter Agent Orange exam form. What accounts for the discrepenancy in VA and GAO statements regarding which examination forms are to be used for Agent Orange exams?

B. In what way and for what purposes will the Circular be revised, as the VA comment indicates it will be, with respect to instructions on the use of physical exam forms?

C. (i) Will the revised forms -- the exposure history forms and the revised version of DM&S Circular 10-81-54 -- be issued this month as stated in the agency comments on the report?

(ii) (If not) When do you expect these forms to be issued?

ANSWER:

A. Both of the forms discussed are standard and record the same information in different format. It is my understanding that this has been explained to GAO representatives on several occasions.

B. I am advised the circular revisions provide for the use of new reporting forms for computerization. This should not be confused with the medical forms to which you referred.

C. i. & ii. The date of issue of the revised circular is dependent on the clearance of the revised reporting form by OMB. We believe that this will be effected expeditiously. If this proves to be true, the circular can be issued as planned.

FURTHER RESPONSE:

2. C. (i). No.

2. C. (ii). The revision of DM&S Circular 10-81-54 is in the final stages of concurrence and should be printed and distributed to all facilities no later than March 1983. The revised Agent Orange Registry Code Sheet has been granted approval from OMB and should be printed and distributed concurrently with the revised circular.

QUESTION 4: I was encouraged by your response to prehearing question No. 14 in which you said that you will be utlimately responsible for the VA's management of medical ADP efforts, both by formulating defined goals and providing leadership and direction. Because of the complexities of this issue, you stated that you prefer to study it further before responding to the specific points in my question. I certainly understand your preference in this regard, but believe that the questions require prompt attention. When do you expect you will be able to provide us with the specific answers?

ANSWER:

I have already held a meeting with key VA personnel on the issues raised in your prehearing questions. I believe the internal VA ADP issue should be and can be resolved rapidly. I hope to provide you with more specific answers in the very near future. Once resolved within the VA we will obviously have to work with Congress and other agencies to implement our plan.

FURTHER RESPONSE:

Consistent with the language of Public Law 97-377 the VA has ceased all further development of the Computerized Medical Information Support System (COMISS). APPLES will not be expanded beyond its current outpatient pharmacy support in four medical centers in the Chicago area. Staff resources assigned to APPLES are in the process of being transferred from the Office of Data Management and Telecommunications to the Department of Medicine and Surgery. The thrust of the VA's effort in medical ADP is on the development and installation of the MUMPS applications to provide critically needed clinical support to our medical centers. The VA will continue to evaluate other off-the-shelf systems which have been operating in the health care industry to insure that the Agency keeps up with the state-of-the-art in providing computerized support to its medical centers. In the very near future I will provide you a comprehensive plan developed by the Department of Medicine and Surgery which will outline in detail the steps we will take to implement and manage this program effectively.

QUESTION 7: You indicated, in your response to pre-hearing question no. 6, that once you have established the organization structure within the agency to carry out your section 220 responsibilities you would seek assurances from other agencies that they would include you at an early stage in the formulation of policies affecting veterans that are within their jurisdiction. Would you please advise us of your timetable for establishing this organizational structure and, when you have them, of the results of your seeking such assurances?

ANSWER:

I would anticipate reviewing the existing policies and procedures for carrying out the responsibilities of the VA under 38 U.S.C. § 220 as soon as practicable, and would hope to establish an organizational structure within the Agency for those purposes soon thereafter. Because I have not yet had an opportunity to make an initial review to determine the extent of any restructuring necessary, I am reluctant to give any specific timetable for the accomplishment of such an organizational change.

FURTHER RESPONSE:

I have just brought to the VA my Special Assistant, Mr. Kenneth Klinge, who will begin to look into the Agency's duties and responsibilities under Section 220. Mr. Klinge comes to the VA with a broad background in the public sector and I believe he will be well suited for this mission. I anticipate that he will form some type of working group within the VA and then contact other Federal departments and agencies in an effort to be responsive to our responsibilities under Section 220. I will have Mr. Klinge keep you apprised of his efforts.

QUESTION 8.A: It is my understanding that the Equal Opportunity Staff Office is expected to consult regularly with the Office of General Counsel--particularly regarding cases in which there are questions about the acceptability of the complaints--but that the relationship between the two offices is not as harmonious as it should be at present. Would you please look into this matter and, if you find that there are such problems, state what steps you will take to make needed improvements in the working relationships between the two offices?

B. In the November 16 letter to me from Administrator Nimmo, it was noted that 414 of the 720 cases at the "Second Stage (Investigation)" of the complaint processing schedule as of July 31, 1982, were "pending assignment".

(i) What was the reason for this significant backlog of cases not yet assigned at that time?

(ii) How does this number of cases pending assignment compare with the number in that status as of July 31, 1981, and December 31, 1981?

(iii) How many cases are pending assignment as of this time?

(iv) Are you personally satisfied that the steps that have been taken to date will prevent such a backlog in the future?

C. Please provide a copy of the most current Equal Opportunity Staff Office policy directive that sets forth procedures for the processing of discrimination complaints.

D. What training do Equal Opportunity Staff Office personnel receive to prepare them for handling discrimination complaints?

E. (i) Please provide a report showing any changes in the EO complaint caseload since July 31, 1982.

(ii) Would you also please provide further updates on that information on June 30, 1983, and December 31, 1983?

ANSWER:

A. Yes. Should I find that a problem exists, I will then determine what action must be taken.

B. It is my understanding that there were internal management problems.

B. (ii). Information regarding number of cases pending assignment as of July 31, 1981, is not available because no information system existed at that time which maintained this statistic. Subsequently, a computer program was purchased and installed which maintains this information.

B. (iii). There are 324 now pending assignment to investigators.

B. (iv). From the foregoing it appears that more needs to be done. I plan to look into the matter.

C. See Attachment 1. (See Attachment 1 on page 167 of Walters Nomination hearing (December 8, 1982).)

D. The EEO Staff has initiated a weekly in-service training program for processing complaints. A Senior Specialist has been assigned to implement the training which includes all specialist and selected administrative clerical staff members.

E. (i). This report is not available at this time but will be forwarded to you as soon as possible along with additional information that you request.

FURTHER RESPONSE:

I am attempting to develop a spirit of teamwork throughout the VA. When the Agency's goals and objectives have been completed and staff/line roles better defined, I am hopeful that all will work in harmony to achieve these goals and objectives. Should there be those who cannot or will not play on the team, I will take appropriate action.

QUESTION 10: In response to prehearing question No. 5, regarding the need for a GI Bill cost-of-living increase, you indicated that you would, prior to taking any position, want to explore the matter with the Chief Benefits Director and other Administration officials.

A. Do you plan to explore this matter, and when can the Committee expect a reply?

B. In exploring the need for an increase please keep in mind and comment on what Ronald Reagan said at the 1980 VFW annual convention: That it was "the height of hypocrisy for the [Carter] Administration ... to repeatedly tell us how much we owe our Vietnam veterans and, then, only in an election year, to recommend a stingy 10-percent increase in GI Bill benefits when there had been no increase since 1977 and the Congressional Budget Office has stated they ... need a 30-percent increase to catch up."

ANSWER:

As noted in my response to prehearing question No. 5, I do intend to explore the question of increased educational benefits with the Chief Benefits Director and other Administration officials. Although this issue will be given early and thorough consideration, due to the complexities of this issue, I do not believe that I should commit myself to any specific date for reaching any conclusive decisions on this issue. You may be assured that I will inform the Committee when I believe appropriate action is necessary.

FURTHER RESPONSE:

As noted in my response to prehearing question no. 5, I do intend to explore the question of increased educational benefits with the Chief Benefits Director and other Administration officials. The entire issue of cost-of-living adjustments is being reviewed by the Executive Branch, as I am sure is also being done in the Congress. However, it is a matter which will take a great deal of consideration in view of current budgetary concerns. I cannot at this time commit myself to any specific date of reaching any conclusive decisions on this issue. You may be assured, however, that I will advise the Committee when I believe that appropriate action is necessary.

QUESTION 13: You indicated in response to prehearing question No. 10 that it was too early for you to determine if additional staff and resources will be needed to maintain an adequate debt-collection program. Would you please review the situation and report back to us by February 1 on the adequacy of the VA's resources in this area?

ANSWER:

You may be assured of my interest in this area. In the near future, I plan to have a more detailed briefing regarding the Agency's debt collection program and efforts in this regard. After I do that, and additional discussions are made regarding the overall budget, I will respond to you as requested.

FURTHER RESPONSE:

On January 4, 1983, I was provided a detailed briefing of the VA's debt collection activities. Those present were the Agency's Debt Collection Official, Chief Benefits Director, Assistant Deputy Administrator for Budget and Finance, Inspector General, General Counsel, Deputy General Counsel, Deputy Administrator and members of their staffs. I have a better understanding of the Agency's efforts in this area and I am committed to insuring that the VA has strong fiscal policies and practices.

As far as staffing and resources are concerned, I believe the current levels, although there may be minor changes, are adequate to conduct this program. Our emphasis on debt management includes reviving old accounts and discovery of indebtedness through various computer matching programs. We are discovering additional indebtedness to the Agency. As these cases are pursued, additional resources may be needed and I will consider these requests in our overall Agency budget and planning process.

QUESTION 18: In your response to pre-hearing question number 2 regarding the G.A.O. report on V.A.'s Agent Orange examination program, you indicated that you would like to give much more consideration to the whole Agent Orange issue before commenting in detail.

When do you expect to be able to provide answers to these pre-hearing questions?

ANSWER:

As indicated in my response to your pre-hearing question, I believe that it would be very unwise and insensitive of me to make uninformed responses to questions that are as important as those that surround the Agent Orange controversy. I am sure that you will agree that a mature and thoughtful answer requires that I become more versed in the details as well as in the overall program areas. For this reason, I am unable to give you a specific date, but I assure you that I will provide you with such responses as soon as possible.

FURTHER RESPONSE:

I have conducted a review of the recent GAO report, "VA's Agent Orange Exam Program: Actions Needed to more Effectively Address Veterans' Health Concerns." This review has also included a review of the VA's Agent Orange program and of the Agency's responses to the conclusions reached by the GAO report concerning the status of the Agent Orange Registry. I believe that the Agency's response to the GAO report is an accurate assessment of the Agency's Agent Orange efforts on behalf of Vietnam veterans reporting for Agent Orange-related examinations. The program is essentially an effective one which is serving to meet the original goals of the Agent Orange Registry, that is, to identify concerned Vietnam veterans, to establish permanent medical records on these individuals, to serve as a means for detecting significant health trends and finally to serve as a mechanism for establishing follow-up with registry participants. In this regard, the Agent Orange Registry is effectively achieving its original goals and should be continued.

QUESTION 19: A number of Vietnam veterans who are concerned about post-traumatic stress disorder -- P.T.S.D. -- have suggested that the V.A.'s approach to this problem, at both the local and central office levels, varies greatly depending on whether the veteran is seeking medical care or compensation. In numerous instances, veterans have reported receiving from hospital staff sympathetic consideration and treatment of P.T.S.C. as a service-connected disability but having their claims for service-connected disability compensation for P.T.S.D. denied by Claims Adjudicators. Although the Department of Medicine and Surgery and the Department of Veterans' Benefits do have different missions, I am concerned that the current perceived differences in approach may reflect a lack of proper coordination and cooperation between the two departments.

Would you personally look into the current state of cooperation between D.M.&S. and D.V.B. as to this disability and give us your views on how the relationship could be strengthened so as to promote a more unified approach?

ANSWER:

Yes, I will personally look into the current state of cooperation between the two departments. Should I find difficulties I will take appropriate action.

FURTHER RESPONSE:

I understand that in the past there have been some problems with the VA's handling of cases involving post-traumatic stress disorder (PTSD). Those problems existed both with regard to medical care and claims for compensation. However, in the last year and one half a major effort has been undertaken to alleviate those problems.

During that period, DM&S has conducted intensive training on the diagnosis and treatment of PTSD for psychiatry and psychology service chiefs in the field. DVB representatives participated fully in these sessions. DM&S has also furnished training on the diagnosis and treatment of PTSD to DVB officials in Central Office and to Personnel from the Board of Veterans' Appeals (BVA). DVB has also issued a circular calling attention to problems associated with claims for compensation for PTSD. Field meetings have taken place between rating board members and examining physicians to assure and understand the even approach to examinations and their ultimate use by rating boards. DVB and BVA personnel may, and do, consult with DM&S personnel regarding compensation claims for PTSD, and they may refer specific cases to DM&S for a medical opinion. I feel we are in good control of this.

QUESTION 25: In an Associated Press story published in the New York Times on January 11, Administrator Bob Nimmo suggested, as a means of dealing with budget constraints and the rapidly increasing older veteran population, that consideration be given to reducing the V.A. health-care eligibility of veterans over age 65. He has been reported to have suggested that in many other interviews with the press.

As the Senate author of the current-law provision relating to health-care eligibility of veterans age 65 and over, I know that in 1970, when that provision was enacted, the information then available showed that virtually all veterans age 65 and over were eligible for medicare and that it was more cost-effective for the Government to provide them with needed health care in V.A. hospitals than to pay for their care under medicare. I believe that it is essential that, in the consideration of any revision of that eligibility provision, the costs to the Federal Government under the medicare and medicaid programs and other Federally-assisted health programs that would result from a reduction in V.A. eligibility must be taken fully into account.

A. Are you giving consideration to any reduction in the health-care eligibility of veterans over 65 years of age?

B. [If so] Do you plan to submit legislation for this purpose either this year or next?

C. Do you agree that any such proposal must take fully into account the additional costs to the Federal Government in other-than-V.A. programs that any reduction in V.A. eligibility would entail?

ANSWER:

At the present time, I neither have plans for nor am I considering proposing legislation to reduce the medical care eligibility of veterans over the age of 65. Any proposal of this nature would, of course, be subject to Congressional review, and would be enacted only when and if Congress determined it to be in the national interest.

I believe that any legislative proposal should take into consideration, to the extent possible, all issues and matters having a bearing on the proposal.

FURTHER RESPONSE:

My answer to this question remains unchanged from my previous answer. I have no plans for, nor am I considering, proposing legislation to reduce the medical care eligibility of veterans over the age of 65. Any proposal of this nature would, of course, be subject to congressional review, and would be enacted only when and if Congress determined it to be in the national interest.

I believe that any legislative proposal should take into consideration, to the extent possible, all issues and matters having a bearing on the proposal.

QUESTION 26 A: With respect to your response to Question Number 6, regarding your responsibilities under Section 220 of title 38, and your commitment to affirmatively undertake to be alert to and involved in the formulation of all Federal Government policy that affects veterans, are you otherwise aware of the plans of the General Services Administration to contract out more than 13,000 positions -- many of which are building maintenance and security jobs that are reserved for veterans under Section 3310 of Title 5?

B. Will you seek to be actively involved in this issue and to work with the Office of Personnel Mnaagement and the General Services Administration, as well as with the Office of Management and Budget, in formulating this Government policy?

C. I think it would be helpful to the Committee and to others if you were to undertake, under the Section 220 authority, a Government-wide review of the potential effects of O.M.B. Circular A-76 in terms of its impact on those veterans who are Federal employees, especially those who have received appointments under the Veterans' Readjustment Appointment Authority in title 38 and the Special Excepted Appointment Authority for service-connected seriously disabled veterans and those who are in jobs reserved for veterans under Section 3310 of title 5.

i. Would you undertake such a review and report back to the Committee on it?

ii. Please let us know in a few days when you will be able to give us a report.

ANSWER:

A. I have only recently become aware of the proposal under consideration by GSA to contract out some 13,000 positions, including building maintenance and security jobs now reserved, under 5 U.S.C. § 3310, for veterans if they are available for the jobs. I am also aware of the proposed amendment to the Treasury, Postal and General Government Appropriation Bill for FY 83 (H.R. 7158) which would prohibit the use of the appropriation for contracting out these positions.

B. I intend, consistent with section 220, to seek the maximum feasible coordination with the other departments and agencies with respect to all programs and activities affecting veterans and their dependents.

C. It appears that the review would be a massive undertaking. I intend to look into the proposal you have raised as well as some alternatives in my efforts to assist veterans in obtaining and maintaining employment.

FURTHER RESPONSE: C.

As I mentioned in my earlier response to you on this question, I believe such an undertaking would be massive. However, I have asked my Special Assistant, Ken Klinge, to study the feasibility of this proposal in his overall initiatives under Section 220. In the meantime, if you have specific examples of veteran employees being unfairly treated in the Federal workplace, please let me know and I will look into the matter.

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